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THE SOUTHWEST MONTANA MILL CRISIS

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MONTANA SMALL BUSINESS DEVELOPMENT CENTER

Helena, Montana
March 6, 1989

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FOREWORD

This study is the outcome of a joint project by the Montana Ambassadors, a non-partisan organization of business executives, and the Small Business Development Center (SBDC) of the Montana Department of Commerce. Under the Ambassador's Loaned Executive Program, U S WEST Communications contributed the time of Distribution Services Manager Gary Kirkpatrick, who conducted the basic research for the study and produced the original draft. Further research and a redraft were carried out by Sharon Duckett, a Missoula consultant, under contract with the SBDC. Final drafting, editing and statistical updating were done by Robert Heffner of the Small Business Development Center.

Grateful acknowledgment is made to Pat Flowers of the Montana Department of State Lands and Charles Keegan of the University of Montana's Bureau of Business and Economic Research, for their review and suggestions for corrections and improvements to early drafts. Acknowledgment is likewise due to Doug Crandall of Brand S Corporation, Mark Simonich and Royce Satterlee of F.H. Stoltze Land and Lumber Co., James Riley of the Intermountain Forest Industry Association, and to numerous officials of the Gallatin, Beaverhead and Region One U.S. Forest Service offices, for their patient cooperation and assistance in the interviews and research on which the study is based. Any errors of fact remaining are the responsibility of the final editor.

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I. INTRODUCTION

PURPOSE

This study examines operating information from two mills located in the south central region of Montana: F.H. Stoltze Land & Lumber Company's Dillon mill, and the Brand S Corporation mill in Livingston. Both mills claim they are being driven out of business as a result of public policy in the administration of timber supply. The purpose of this study is to test whether that claim is valid, and to recommend action if action is warranted.

SOURCES

Information concerning the operations of the sawmills examined in this paper was obtained from managers and foresters associated with the mills, through personal interviews conducted by the principal investigator, Montana Ambassador Gary Kirkpatrick of U.S. West Communications. Information concerning inventory and production efficiency was verified by consultation with US Forest Service district offices, the University of Montana Bureau of Business and Economic Research and the Regional Forest Service Planning Office. Information on the current business situation of the mills was updated in late October, 1988 in telephone interviews conducted by Sharon Duckett, a Missoula consultant, and again in early January, 1989 by Bob Heffner of the Department of Commerce Small Business Development Center.

Every attempt has been made to accurately represent the changing situation that the two mills are struggling against, with consideration given to their importance within the local economies of Beaverhead and Gallatin Counties.

THE MILLS UNDER STUDY

F.H. Stoltze Land & Timber Co.

The F.H. Stoltze mill is a family owned firm which has operated in Montana since the turn of the century and in the Beaverhead valley since 1972. The mill contributes significantly to the Beaverhead County economy, employing 105 people and paying $2.4 million in salaries and wages. In addition, $2.7 million is let in contracts to local loggers employing another 140 people. 1

The Stoltze mill requires 26 MMBF of logs a year to maintain a two shift operation, producing primarily dimension lumber. Timber to operate the mill comes from national forests (86%), Bureau of Land Management (11%), and private land (3%). The Dillon mill has about double the average dependency on national forests for its timber supply: national forests have contributed between 32.8% and 47.4% of the statewide harvest over the past ten years [Appendix B.1].

The F. H. Stoltze company announced on Tuesday, October 25, 1988, that they would close the Dillon mill in March of 1989, due to a shortage of timber to process. As of mid-January, 1989, the mill has been operating on a single shift. The March closure is expected to be temporary, with a tentative re-opening anticipated in late June or early July, after the log deck has been re-supplied. The Stoltze mill chose to announce the closure prior to the holiday spending season and to begin immediately in assisting employees with outplacement to other jobs. Mark Simonitch, Stoltze's forester, stated that all current employees would be recalled upon the reopening of the mill.

A permanent closure would imply the immediate loss of 245 direct jobs: the 105 mill employees and 140 independent logging jobs directly dependent on the mill. Applying a county-specific gross multiplier of 1.4 secondary job losses for every direct job loss in a wood products industry, the eventual employment effect of a permanent closure would be the disappearance of 588 jobs, 245 direct and 343 secondary. 2 Calculating conservatively, on the basis of direct job losses alone, that represents a reduction in wage and salary income within Beaverhead County of $3.7 million, or 8.4% of total wage and salary income in the county. 3 It is the loss of this income stream, circulating within the county, that would result in the additional, secondary job losses cited above. [see Appendix B.2-3]

Beyond personal income losses, a permanent closure would mean the annual loss of $72,000 in state income tax receipts (from mill employees alone), $34,000 in property and equipment taxes paid by the mill, and $233,300 in timber sales tax revenues to Beaverhead and Madison counties. 4

Brand S Corp.

The Brand S Livingston mill--like Stoltze's, family-owned-- has been in operation since 1940. The mill was destroyed by fire in 1975, and was rebuilt as a stud mill. Its state-of-the-art efficiency has made this mill well known throughout the Northwest. Brand S is one of the few stud mills which has been able to economically import logs from as far away as 350 miles, by rail, to meet its supply needs. Additionally, this is one of the only mills in the State equipped to utilize dead wood in producing studs.

Livingston is also a forest products dependent community, heavily reliant upon the National Forests to provide a supply of timber adequate to maintain economic stability. Brand S requires 43 MMBF of logs to maintain its present two shift operation, and relies 60-80% on national forest lands for its annual timber supply--again, nearly double the statewide dependency. Brand S employs 120 people and provides an annual payroll of $3 million, with an additional $3.9 million in contracts to 150 loggers. 5

Applying the county and industry-specific gross multiplier of 1.2 secondary job losses for every direct wood products job loss in Park County, the impact of a permanent closure of Brand S would be the eventual loss of 594 jobs: 120 millworkers, 150 loggers, and 324 secondary job losses in other business sectors. 6

Again calculating on the basis of direct job losses only, the reduction in wage and salary income to Park County would be 4.1 million dollars, or 5.7% of total wage and salary income in the county [See Appendix B.4-5]. Beyond income, a permanent closure would mean a yearly loss of $110,000 in state income tax receipts from mill employees, $45,000 in property and equipment taxes paid by the mill, and $111,350 in timber sales tax receipts to Park County. 7

It should be noted, in qualifying the impact assessments made here, that the loss of capacity and production from closure of either mill would probably be offset to some extent by increased production, and perhaps increases in investment and capacity, at other local mills. In other words, timber harvest (and industry-related jobs) would probably not be reduced by the full amount of the capacity and employment of the affected mills; some production would simply shift to other producers. For this reason, income and tax receipts loss estimates have been restricted to projected direct job losses only, deliberately overlooking multiplier effects. Other secondary effects, such as reductions in residential property values and taxes, are also left out of the calculation. Therefore, even allowing that some production may shift, the estimates above are presented as conservative; and may perhaps understate the full effects of closure.

The managers of both the mills reviewed above claim that a continuing shortage in the administered supply of timber, as revealed by declines in the amount of inventory they have under contract, poses an immediate threat to their mills' survival.

II.

SUMMARY: OUTLINE OF THE STUDY, CONCLUSIONS AND RECOMMENDATIONS

Following is an overview of the topics examined in the body of the study, with a summary of principle conclusions and recommendations.

III. Review of Evidence.

A. Significance and Interpretation of Inventory Declines

1. Significance of inventory under contract as a leading indicator of business failure.
2. Corroboration of inventory figures supplied by mills.
3. Historical behavior of mill inventory in relation to business cycle.
4. Behavior of mill inventory in relation to industry-wide inventory.
5. Conclusion: evidence confirms a shortfall in supply, unprecedented in these mill's recent history, and extraordinary in comparison to the Montana forest products industry.

B. Causes of Supply Shortfall: Mill Management

1. Possibility of adapting to shortage by reducing production.
2. Inefficiency or high production costs as a cause of inability to bid on timber offerings.
3. No-bid sales as an indicator of sufficient supply.
4. Conclusions:
    a) Mills can't adapt by cutting shifts; both mills have at least matched efficiency gains of the Montana industry as a whole; no-bid sales, absent evidence of collusion, imply that sales are uneconomically priced.

    b) Causes of shortage are external, and remedies must be external.

C. Causes of Supply Shortage: Timber Administration

1. Organic timber supply.

2. Appeals: project level and plan level.

3. Declining allowable sale quantities (ASQ's).

4. Irresolution of wilderness issue.

5. Independent confirmation of shortage: Flowers and Reid reports.

6. Public policy on timber supply: Forest Service and State.

7. **Conclusions:**

   a) Organic supply (growth versus loss and removals) is well in excess of planned harvest.

   b) Appeals delays are the major contributing cause to immediate supply shortages.

   c) ASQ's have declined substantially, and more so in the study area than statewide.

   d) Irresolution of the wilderness issue is an immediate cause of supply constraints in the area studied.

   e) Independent studies confirm a supply shortage in southwest Montana.

   f) Forced closure of efficient producers in dependent communities contradicts Forest Service and State policy.

IV. General Conclusions.

A. The mills studied face a supply shortage that, if current conditions continue, will put them out of business in 6 to 18 months.

B. A supply shortage is well-evidenced, and the causes are legislative and administrative.

C. The shortage is neither consistent with public policy, nor a deliberate policy choice, but caused by:
1) failure to achieve operable policies (e.g., breakdown of appeals process);
2) failure to achieve resolution of major policy issues (e.g., approval of Forest Plans, passage of Wilderness Bill and release language mandating planned management of roadless areas).

V. Recommendations.

A. Midterm solutions.

1) Appeals reform at project and plan level.

2) Affirmative state policy on support of dependent communities.

3) Wilderness resolution and release of lands.

4) Moderate increase of allowable sales quantities; carryover of delayed sales quantities to following years.

B. Short-term solutions.

1) Front-loading forest harvest plans.

2) Invoking salvage authority for beetle-infested and burned timber.

3) Shifting State Lands harvest to east of the Divide.

C. Limited effectiveness of the proposed actions.

D. Principle Recommended Action: Special congressional legislation to mandate implementation of plans, set minimum harvest levels and limit administrative and judicial review, for a three-year period.

1) Justification and precedent.

2) Implementation.

E. The bridge to a long-term solution: changes in industry structure toward remanufacturing and custom production.

III. REVIEW OF THE EVIDENCE

This study focuses principally on the dramatic declines in timber inventory under contract experienced by both the Stoltze and Brand S mills over the last four to five years.

At Stoltze, inventory has fallen from 37.1 month's supply, in 1983, to 8.3 month's supply in spring of 1988, with the most precipitous drop taking place between 1986 and 1988: a 69% decline, from 26.5 month's inventory to 8.3 months.

At Brand S, inventories dropped from 43.2 month's supply, in 1984, to 12 months in late 1988. The steepest slide was from 1985 to 1986: a 52% drop, from 37.2 months to 18 months, in a single year. The latest information available, prior to publication, indicates a January, 1989 volume under contract of 9.5 months at Brand S and 4.7 months at Stoltze, which has opted for a temporary shutdown.

On the face of it, these statistics seem to indicate that (barring a reversal in supply conditions) these mills are very likely to be forced out of business within the next year, and quite possibly within the next six months. The study attempts to critique, and to validate or invalidate this conclusion, by addressing the following issues.

A. SIGNIFICANCE AND INTERPRETATION OF INVENTORY SHORTFALLS

1. The Significance of Inventory Under Contract as a Leading Indicator of Business Failure.

Volume under contract is timber that mills have purchased through a timber sale and have on contract for a scheduled harvest. For comparative purposes, volume is expressed in terms of the number of years or months of normal production represented by the timber held under contract. Since 1979, Montana mills have typically operated with a 3 to 4.5 year volume of timber under contract. This time frame has, at times, reached as high as seven years. The typical 3.5 years' inventory gives the mills adequate opportunity to comply with the environmental impact statements of the forest plans, time to construct roads, and to complete the engineering required to access the timber for harvest. Other cyclical and environmental constraints, such as elk calving, spring runoff, winter weather conditions, and land restoration are also calculated into the timing of a harvest. [See Appendix A.1]

Interviews with industry analysts, literature review and study of industry statistics have confirmed that inventories falling below one year's supply are both unusual and dangerous. At levels below one year, managing a smooth flow of cut timber to the mill becomes increasingly difficult. As levels approach six month's supply, forced closures become likely. The recent interruption in operations at the Darby Lumber Company, alleviated only by a convoy of logs from other operators, is a case in point, as is the announced temporary closure of Stoltze's Dillon mill in March of 1989.

2. Corroboration of Inventory Figures Provided by the Mills.

We have inquired with the Forest Service on contract inventories held by the mills under study on national forest lands. Adding to these figures the percentage of their purchases usually made on state and private lands, we arrived at a close approximation of total inventory figures supplied to us by the mills for the present year. In both cases, figures supplied by the Forest Service agree within two months' supply to estimates provided by the mills themselves [see Appendix B.6-10].

3. Placing the Inventory Decline in Historical Context.

Inventory under contract figures, expressed in months of supply at normal production levels, were obtained from both mills for the period 1979-1988, a period that includes the peak, trough and current peak of the last full business cycle in the industry. The intent was to discover whether current inventory declines are simply a feature of the business cycle, and to compare the magnitude of the current declines in stock with earlier inventory changes. The charts reproduced in Figures 3 and 4, Appendix A, illustrate the relationship between business cycles (represented by forest products sales, in constant dollars) versus months of inventory held by the mills.

Inventories did decline at the peak of the last cycle, but not nearly to the extent they have declined recently. At the peak of the last cycle (1978-1979)--the highest historical production years for the Montana timber industry--Brand S inventories stood at 28.8 months, versus 14.5 months in early 1988; Stoltze's Dillon mill inventories stood at 36.7 months, versus 8 months in 1988. Over the past ten years, for which we have detailed information, these mills have never faced the inventory situation they face now.

4. Placing the Inventory Decline in the Montana Industry Context.

To test, again, whether the current declines at these mills are in fact unusual and extreme, we compared percentage changes in inventory under contract at these mills to percentage changes in inventory under contract for the Montana timber industry as a whole. Figures 1 and 2, Appendix A, illustrate the comparison in months of inventory for the mills under study and the wood products industry as a whole.

The sharpest decline for the industry, 1984 to 1987, was 37.5%, versus 72.2% for Brand S and 70.7% for Stoltze, over the same period. In absolute terms, industry uncut volume under contract on the national forests stood at 30.4 months in 1987, versus 16.8 months for Brand S and 14.2 months for Stoltze.

Since 1983, Brand S and Stoltze inventories have declined twice as much, in common-size terms, as inventories for the industry; their stocks stood at less than half the inventory of an average Montana mill in 1987.

B. CAUSES OF INVENTORY SHORTFALL: MILL MANAGEMENT

1. Investigating Whether the Mills Can Adapt to Supply Constraints by Reducing Production From Two Shifts to One.

Both Brand S and Stoltze have claimed that cutting back production to a single shift would raise their cost of production above the sale price of lumber, so that their only available choices over the medium run are to run two shifts or to close entirely.

We turned to industry standard figures for the U.S. lumber industry (published in Robert Morris Associates' "1987 Annual Statements Studies") to corroborate the effect of lowered production on costs. At a normal two-shift level, an average mill of the asset size of these two operators had total costs, that year, of $170.32 per thousand board feet (MBF), against a price of $185.00/MBF, for a margin on sales of 7.9%. When production is cut in half, fixed costs (such as interest and depreciation) remain the same. The effect is to double fixed costs per unit of production, from $15.91/MBF to $31.82. Total cost per MBF increase to $186.23 against the selling price of $185.00, yielding a loss on sales of 0.7%. These figures confirm that a one-shift operation is not a sustainable alternative, based on industry standards, and corroborate proprietary cost-of-production figures at one and two shifts provided by the mills. [See table, Appendix B.11]

2. Investigating Whether the Mills' Inability to Purchase Sufficient Timber is a Result of Production Inefficiency, Compared to the Industry.

If these two mills had higher production costs than the Montana industry norm--as a result of under investment, or failure to rationalize production in step with competitors--their ability to bid sales would be impaired even if supplies were adequate. Both mills have provided this agency with proprietary (and confidential) figures on cost of production, corroborated by statements from their accounting firms. Direct comparison of manufacturing costs is difficult, due to differences among firms in accounting practices, but it appears from the comparisons we have made that both mills have maintained an absolute cost advantage over the industry averages, as calculated by the University of Montana's Bureau of Business and Economic Research.

Labor productivity is easier to compare directly, though it doesn't reflect the entire range of costs. On this measure these two mills have clearly outperformed the industry as a whole, in efficiency gains between 1979 and 1987.

Output per worker for Montana lumber producers increased 80% from 1979-1986. 8 Of this 80% gain, 25% can be attributed to a structural shift in the industry from plywood and dimension to stud production. Holding type of production constant, the productivity gain was about 55%. 9

Stoltze's Dillon operation, which remained a dimension mill throughout the study period, increased output per worker by 77% over the 1979-1986 period (compared to 55% for the industry, with composition of output constant). Brand S, which was rebuilt as a stud mill during the period, increased output per worker by 98% from 1979-1988; this compares to an 80% gain for the statewide industry, 1979-1986, with composition of output allowed to vary.

The productivity improvements achieved, which (as a rule) are made possible by large capital investments, dictate an unavoidable rise in fixed costs of operation. Costs per MBF for lumber produced would actually rise in comparison to earlier years if the equipment were not utilized during two shifts of operation, and if the mills in question were not able to process increasing quantities of timber.

It is clear that these mills are improving in labor efficiency more rapidly than the Montana timber industry as a whole. Absolute production costs also appear to be lower than the norm.

3. No-Bid Sales.

It is a fact, and apparently a contradictory one, that despite the mills' claimed shortage of timber supply, some sales in the Brand S and Stoltze operating areas go unsold because no bids are made.

The contradiction lies in an oversimplified statement of the problem. No mill, and no business enterprise, simply "needs a supply." What business enterprises need, to survive long-term, is a supply at a cost which allows total costs of production to remain below the selling price for the goods in question. To purchase timber when the delivered price of logs would push production costs above selling price would drive these mills out of business as surely, and even more quickly, than limiting purchases to only those sales which are judged economic.

Timber sales, like goods at an auction, are offered at a minimum price. So long as there is competition among bidders, the absence of a bid indicates that the minimum price, in each bidder's independent judgment, is too high.

There are really only three explanations for no-bid sales. One is monopsony, or monopoly power in purchasing, a condition in which a single buyer's actions can force changes in prices. A second is collusion among competing buyers, again to force prices downward. The third is the explanation advanced above, a market-driven determination that the minimum price is excessive.

Statistical evidence shows that the probability of a no-bid sale is strongly associated with factors that increase the costs of harvesting, or lower the value of the timber offered: no or few bids are more likely when land is steeper, roading costs are higher, or timber diameters are smaller, for example. 10 In the absence of evidence for monopsony or collusion--and we are aware of none that has been advanced--the market explanation must be accepted: when sales are not bid, it is the judgment of potential buyers that the sales are uneconomically priced.

C. EXTERNAL CAUSES OF SUPPLY SHORTAGE: TIMBER ADMINISTRATION

1. Organic Timber Supply (Sustainable Harvest).

Montana's Timber Supply: An Inquiry Into Possible Futures, published by the Forest Service in March 1987, addresses among many other issues the question of organic growth versus harvest levels statewide, over the coming 40 years. Recognizing that there are regional variations in supply levels, the conclusion concerning biological supply is: "Montana's timber inventory should remain in good shape. Statewide growing stock levels generally increase throughout the analysis period. Moreover, as industry harvest declines, growing stock takes an even greater upturn." Organic growth, or biological supply is not the problem. Growth levels are more than sufficient to sustain harvest level. 11

On the forests which mainly supply the mills under study, Forest Service data are equally unambiguous. The Allowable Sale Quantity (ASQ) on the Beaverhead is 17.3 MMBF; long-term sustainable yield, on lands suitable for and actually designated for timber management, is calculated at 31.0 MMBF. On the Gallatin, ASQ is 21.1 MMBF and long-term sustainable yield on suitable, designated timberlands is 34.0 MMBF. On the most restrictive measure, on non-controversial lands, yields far exceed harvest. The problem is not organic; it is political and administrative. 12 [See Appendix B.12]

2. Affects of the Appeals Process.

The interviews conducted for this study found broad agreement among mill managers, Forest Service personnel and industry analysts that a breakdown in the appeals process, both at the project (individual sale) and Plan level is the single most important cause of supply shortages suffered by Montana mills.

John Combes, Forest Service Region I Assistant Director of Timber Management, reports that about 70.6 million board feet of timber, otherwise scheduled for sale in FY 1988, were stayed because of appeals. Another 80.8 MMBF of scheduled 1988 sales were withdrawn because of appeals and lawsuits (56 MMBF due to the Yaak lawsuit alone). Altogether, 151.4 MMBF, or 29% of the entire national forest programmed sale for Montana was either stayed or withdrawn in fiscal year 1988. 13

In the forests principally considered here, the Beaverhead and the Gallatin, the effects of appeals have been even more drastic. The Gallatin Forest, for fiscal year 1988, had an ASQ of 21 MMBF. As a result of various appeal actions, about 17 MMBF of planned sales on the forest were delayed for advertisement, as of the fiscal year end in October. The programmed target sale for 1988 was, accordingly, 5.2 MMBF; this same amount, just under 25% of the Allowable Sale Quantity, was actually offered in FY 1988.

The Beaverhead Forest had an ASQ, for 1988, of 17.3 MMBF. A total of 8 sales, affecting 25.6 MMBF of timber (sales from 1988 and prior years), had been delayed for advertisement as of October 1. Only 4.4 MMBF was brought to bid, and only 3.7 MMBF, or about 21% of the Allowable Sales Quantity, was actually sold during the year. [See "Region I National Forest Accomplishment," Appendix B.11 for both Gallatin and Beaverhead figures]

For aggregate figures such as these, it is simply not possible to disentangle the related effects of Forest Plan and individual tract sales appeals. At the Plan level, F.H. Stoltze's appeal for higher ASQ's on the Beaverhead has awaited a final response for over two and one-half years. The Gallatin Forest Plan, released October 1987, is likewise under appeal. In the absence of a final, approved management plan, the Forest Service is placed at a disadvantage in both administrative and judicial review of individual sales appeals, since the Service would ordinarily rely on the overall Plan to justify individual actions. As a result, and understandably enough, foresters are likely to take a defensive stance, becoming reluctant to offer or even to plan sales which might conceivably be subject to appeal. The result is a self-stoking cycle of downward trends in planned sales, offerings, and accomplishment. Regardless where one chooses to attach blame, the process itself, on some forests, has all but ceased to function.

The Forest Service has adopted (February, 1989) new regulations, eliminating a step in the administrative review sequence for project-level appeals. If implemented as announced, the reform might be expected to reduce an idealized administrative review timeline by about 30%. The administrative standard for routine appeals is currently 140 days; but in practice the length of appeals processes far exceeds any standardized timeline: average appeals processing time in Region I has increased from 200 days in 1986 to over 363 days in early 1988, and there are sales in

Montana forests which have been delayed three years or more in review. 14

The issue at the heart of the appeals breakdown is that appellants routinely win stays on sales, simply in consequence of filing an appeal--and stays are maintained as long as the appeal process can be continued. Appellants, in short, have every opportunity and incentive for delay, and none for resolution. A second major contribution to the appeals problem is the redundancy of the process: Plans are appealed under the National Environmental Policy Act (NEDA) and National Forest Management Act (NFMA), on the basis of a variety of environmental, wildlife and resource management concerns. When a Plan is finally approved, individual projects are still subject to appeal, not only on the basis of conformance to the Plan, but on the basis of the same NEPA and NFMA criteria on which the Plan itself was approved. A third issue, highlighted in the February 1989 General Accounting Office report on Region I appeals, is the failure of the Forest Service to meet its own administrative deadlines for appeals review (due both to the burgeoning quantity of appeals filings, and the lack of an internal requirement that deadlines be met).

Absent a means of addressing the current presumption in favor of inaction, the redundancy of Plan and project appeals and the internal failure to meet deadlines, prospects for improvement from the recently announced reform are limited, at best.

3. Declining ASQ'S Within the Proposed Forest Plans.

Although there is no indication of an organic shortage of timber within the national forests, the new Forest Plans project a substantial reduction in timber harvesting over the next decade, relative to the harvest levels anticipated prior to drafting of the Plans. It has been suggested that this lowering of ASQ'S reflects a Forest Service response to public demand for preservation of roadless and wilderness areas, recreational and wildlife habitat usage. The Forest Service is also, in some cases, compensating for the environmental impact caused by accelerated harvest on private industrial lands.

Harvest plans current before drafting of the current Forest Plans allowed for an annual statewide cut of 638 MMBF, where the new Plans authorize 528 MMBF, a 15.6% decrease for the state. 14 For south central Montana (Deer Lodge, Helena, Bitterroot, Gallatin, Beaverhead and Lewis and Clark Forests), the decrease is 22%, from 153 to 119 MMBF. [See Appendix A.7 - A.11]

On the Beaverhead, planned harvest was 28.3 MMBF in 1973, and 24.3 MMBF in 1978; by 1986 the ASQ had dropped to 17.3 MMBF: a 39% decrease over the last 15 years. [See Appendix A.6] The effect of these declines on the F.H. Stoltze mill has been drastic. That mill has historically acquired 70% of the timber offered for sale within the Beaverhead National Forest. Its current annual timber intake requirement is 26 million board feet. The 17.3 MMBF allowed by the current Forest Plan brings Stoltze's historical 70% share down to 12.1 MMBF, if all timber is harvested (last year, only 3.7 MMBF was actually sold). In 1986, Stoltze purchased 3.6 MMBF from sources other than the Beaverhead. Adding that supply to the 12.1 MMBF available from the Beaverhead yields a total supply of 15.7 MMBF: enough to run the mill about seven months a year. [See Appendix B.7 & B.19]

4. Irresolution of the Wilderness Issue.

The need for passage of a Wilderness Bill, ending a 13-year-long public debate which has stymied the planning and management of timberland by the Forest Service, is pressing. The issue impacts not only the future, but the immediate present of the timber industry in Montana.

The failure of the most recent Wilderness Bill to be signed into law by the President after passage through Congress was welcomed by some sectors of the timber industry. Lands were included in wilderness designation which had been identified for timber management by the Montana Governor's Task Force recommendations, and which south central Montana timber producers claim they desperately need. Nonetheless, the protracted nature of the debate leaves hundreds of thousands of acres of suitable timberlands in limbo--neither designated for wilderness, nor available for timber management.

Recommendations, and Congressional bills, for additions to current wilderness have varied from the 518,000 acre addition proposed by the RARE II study, through the 1.03 million acres recommended by Governor Schwinden in 1984, to 1.4 million contained in last year's vetoed bill, and the 2.4 million advocated by conservation groups. This report will adopt the Governor's task force recommendations from 1984, as meeting the most urgent requirements of the mills under study here, and representing one version of a reasonable compromise between conflicting interests and uses. [See Appendix B.20 -B.23].

Even the vetoed Melcher bill would have released large and significant timber acreage. Of the approximately six million roadless acres, Melcher's bill designated 1.4 million as additional wilderness, and another 0.7 million acres for special management or further study. The remaining 3.9 million acres would have been released for management under the Forest Plans.

Of that released acreage, slightly under 1.0 million acres are designated under the Plans for entry and development.

The million acres released and planned for development (development of all kinds, including timber management) appears small relative to the six million acre total roadless area. Its significance in terms of potential harvest can be crucial for the immediate survival of individual producers. To take a single example: from 1989 forward, over half of the planned programmed harvest on the Gallatin Forest is in currently roadless areas. Failure to win release of these lands effectively reduces the Gallatin's 21 MMBF ASQ to nearer 10 MMBF -- and that before project appeals take their toll. 15

Continued failure of our public process to reach a conclusion on wilderness is the most damaging of all possible outcomes to the mills under consideration. Any bill likely to be enacted will result in a release of lands that is less than satisfactory to some producers; continued irresolution means no release whatever. The critical issue for industry as a whole is that the wilderness issue be resolved--with release language assuring that lands planned for development are in fact so managed.

5. Independent Confirmation of an Overall Supply Shortage in South Central Montana: The Flowers and Reid Reports

A widely-quoted report issued by the Forest Service (Montana's Timber Supply: An Inquiry into Possible Futures) concludes that, given the supply-demand scenarios which the authors consider most probable, timber supplies in Montana will be adequate to industry needs until early in the next century. The conclusions developed, using a Montana Timber Market Model (MTMM) simulation further indicate a trend toward harvest of smaller diameter trees, occasioning either higher harvesting costs or a growth in mechanization in harvesting. The model predicts that these trends will produce differences in the structure of the wood-processing industry, resulting in the closure of the more labor-intensive mills reliant on large logs (plywood mills and dimension-lumber mills) and the opening of mills, such as studmills and pulp mills, that can more efficiently use small logs. pg 21) 16

In a recent reworking of this forecast, R. Reid Resource Services split the central region of the original study into north and south central areas, and took the years 1982 to 1987 as a base period (where the original study used a particularly depressed production period, 1980-1984, as a forecasting base). This second analysis, using the same MTMM simulation, concludes that in south central Montana -- the Brand S and Stoltze operating area -- a substantial shortfall of supply will develop over the next decade, even if the entire allowable sale quantity for all national forests is actually sold and processed. 17

There is essentially no contradiction between these two forecasts: the difference in prediction is due simply to the definitions of supply areas and the base periods used. The second of the two focuses more closely on the log supply area of the mills in question here, uses a base harvest that more closely approximates current conditions, and is the basis of a widening consensus that planned timber harvests in south central Montana are in fact insufficient to sustain the existing industry. We take the results of the Reid study as independent confirmation of the shortage already reflected in declining inventories at Stoltze and Brand S.

6. Public Policy on Dependent Communities.

The intent of public policy, as set forth in National Forest Plans, is to maximize net public benefits, including economic returns, environmental quality, recreational use, and social and economic stability.

The Beaverhead National Forest Plans states, "Timber management is also important on the Beaverhead National Forest because of the importance of the F.H. Stoltze lumber mill to the economy of Dillon, Montana....A sufficient level of timber harvesting will be provided to sustain the Dillon mill. The Forest Plan will continue to provide timber for harvest, in recognition of the local timber industry." 18 The Gallatin National Forest Plan states, "In an attempt to provide for community stability within its area of influence over the long run...the timber harvest levels will be the same as in the past ten years. The Forest Plan provides for the continuation of existing life-styles that are dependent upon use and management of the Forest." 19

The Forest Plans clearly include, among their several objectives, the intent to safeguard local communities whose economies are dependent upon forest product industries. Likewise, it is everywhere apparent (in the statements of public officials, the guidelines of economic development agencies, the successive reports of Governor's Councils on Economic Development) that the public policy of the State of Montana is to diversify, strengthen and stabilize an economy largely reliant on natural resource industries. Plainly, the forced closure of large, long-established, efficiently-operated mills, as a result of public administration of public resources, is contrary to such policy--as is the economic disruption of the communities here at risk.

Faced with the contradiction outlined here, between policy and outcome, the only responsible choices for government are either to change the policy, or to devise means and processes to implement it. If the policies toward support of existing industry and dependent communities are abandoned, then the recommendations which follow in this report have no relevance. If these policies continue to be affirmed, the recommendations below chart a path toward realizing stated public objectives.

In designing these recommendations, it has been explicitly recognized that "support" together with the mandate to "diversify, strengthen, and stabilize," does not imply simple preservation of either industries or communities in an unchanging state. In a market economy, change is the only constant. Successful policy must be deliberately transitional, aimed at building resiliency and reducing dependence -- dependence on single industries for communities, and on limited product lines for industry.

IV. GENERAL CONCLUSIONS

The principle conclusion drawn by the review of evidence above is that the F.H. Stoltze mill in Dillon, and the Brand S mill in Livingston, face an immediate crisis in timber supply that will very likely force both of them out of business within the next six to eighteen months.

Inventory under contract figures, reinforced by independent analysis of the supply situation in south central Montana, reveal both the shortage and its immediacy. Though inventory behavior is indeed cyclical, the current shortfall at these mills is extreme both in relation to their own historical experience, and in relation to industry-wide inventories. Present levels of inventory are near (in the Brand S case) or below (in Stoltze's case) the minimum necessary to allow an uninterrupted flow of delivered logs to these mills.

This shortage is not a result of failure to adapt production levels to supply, nor of failure to improve production efficiency,nor of refusal to purchase economic timber sales, nor of limitations in the organic supply of timber on non-controversial lands.

The shortage is a result of a breakdown in administrative, legislative and political process: malfunctioning of the appeals system, at project and plan level, and irresolution of the wilderness issue, complicated by declining Allowable Sales Quantities on the national forests, particularly the Beaverhead. It is an administered supply crises, not a market or organic event. Moreover, the outcome of this administered supply crisis -- the closure of these mills, and the attendant economic effects on Livingston and Dillon -- is in clear contradiction to public policy, both national and state.

Finally, it must be emphasized, again, that to say this crisis is administrative is not to say it is deliberate. We see no indication whatever that Forest Service or State agency managers concerned with timber supply have set forth plans the acknowledged result of which was to close large, established, efficient wood-products firms; nor have they publicly attempted to justify such closures on the basis of other policy objectives. Miscalculation may have played its part; but the principle cause of the timber supply crisis in south central Montana is a breakdown in the administration of appeals, and in the political resolution of the wilderness issue. The administered supply crisis is not, in short, a deliberate policy choice: it is a policy failure.

V. RECOMMENDATIONS

A. Mid-Term Solutions

Though the crisis we have identified is immediate, provision and stabilization of an adequate timber supply will require complex public and administrative decisions, likely to be some years in the making. Since the preponderance of supply is on national forest lands, most action must come from the national level. Such action will require concerted effort by citizens, the Legislature and the Governor to press demands on, and through, the Montana Congressional Delegation for administrative and legislative change.

1. Forest Plan Appeals

    a. Demands should be pressed by the Governor,the Legislature and the Delegation for swift resolution of pending Forest Plan appeals, and for reform and streamlining of the Forest Plan appeals process, both administrative and judicial.

    b. The Legislature and the Governor should declare, as a permanent policy, that the State will oppose and will join in appeals against Forest Plans which do not (a) substantiate the ability to provide a timber supply adequate to the needs of existing industry in dependent communities, and (b) provide for adjustment of harvest levels as necessary to meet those needs.

2. Project level (individual programmed sales) appeals.

We have identified two underlying problems with the appeals process: (1) a presumption in favor of inaction (inaction as the status quo), and (2) redundancy between Plan and project appeals. We recommend that the Governor (by public statement and personal appeal) the Legislature (by resolution) and the Delegation (by concerted action) press for reform along the following lines:

a. Inaction

i. First, and simplest, and Forest Service should be administratively required to meet its own deadlines for review, comment and response, as applicants currently are. Failure to meet deadlines should imply forfeiture of the case.

ii. Second, stays of action pending appeal should not be routinely or automatically granted and continued. Administrative process should follow the example of judicial process in the granting of injunctions. That is, in a "show cause" hearing, appellants should be required to justify stays of action on the grounds of (a) the likelihood the appeal will prevail, and (b) the balance of harm between the appellant and other parties to the dispute (i.e., demonstrate that proceeding with the planned sale will cause greater harm than staying the sale). The requirement to show cause for stays of action follows established judicial process, and prevents clearly frivolous appeals from winning a de facto victory, that continues as long as the appeal process can be delayed.

b. Redundancy between Plan and project appeals.

In the typically years-long process of drafting, comment, final draft, administrative and judicial appeals, Forest Plans are subject to intense scrutiny on the criteria of the National Forest Management Act (NFMA) and National Environmental Policy Act (NEPA). On the grounds that due process, on these criteria, has been fully observed at the Plan level, the Governor, Legislature and Delegation should press for congressional action to determine that individual sales may not be appealed on these same criteria, but that appeal on the project level must be confined to questions of conformance or nonconformance with the approved Plan.

3. Wilderness

After thirteen years of debate and irresolution, we recommend that the state make clear to its Delegation that performance will be judged, not by which of many viable compromises is chosen, but by whether a compromise is chosen. Within the range between the Governor's Task Force recommendations of 1984 and the Wilderness Bill of 1988 are a variety of resolutions that industry can live with, and other interests can accept. To reiterate, the worst of all possible outcomes for the mills under consideration -- and others in similar circumstances -- is no resolution.

The key, for industry, is not minimization of wilderness acreage, but release of lands suitable and planned for timber management. We recommend to industry representatives a focus on release language which does not merely allow, but mandates, management of released lands as planned.

4. Allowable Sales Quantities.

a. It appears, on the face of the evidence, that sales quantities on the Beaverhead have been reduced below levels which (even if entirely sold) can support established industry and dependent communities over the near term. The ASQ's currently proposed are the lowest of three alternatives presented in the draft Beaverhead plan, and are far below sustainable yields on suitable timber land, on even the most restrictive measure. We recommend that the State review the Beaverhead Plan, and, if justified, support the Stoltze appeal to raise the ASQ's to 25 MMBF/year.

b. The current unpredictability of timber harvest is perhaps even more damaging to industry than the declared levels of programmed harvest and ASQ. We recommend that the State, through the Delegation, press for regulations which require that a quantity equal to delayed or foregone sales from one year's program be added to the following year's programmed sales.

B. Short-Term Solutions.

As observed before, the crisis is immediate. Several steps are suggested which could favorably alter the immediate scenario for the mills at risk.

1. Front-loading of harvest plans.

Recognizing the immediate crises facing south central Montana mills, the Forest Service should program heavier sales of timber in the early part of the current ten-year Plans, and provide the Beaverhead and Gallatin, in particular, with the personnel and resources to accomplish these sales. By offsetting heavy early sales with reductions in later years, this step could be taken without violating the overall Plans. Given some resolution of the appeals and wilderness issues in the intervening years, and given time to plan, the mills could better withstand ASQ reductions in five to six years than presently.

2. Invocation of the authority for salvage of timber stands.

Bark beetle infestations on the Beaverhead, and burns on the Gallatin, provide justification for invoking the authority granted by statute for sanitation harvesting of timber stands, and salvage [Forest and Rangelands Renewable Resources Act; 16 USC/1616, Section (13)(b)]. Again, resources must be provided along with authority for harvest.

3. Shift of State Lands harvest from west to east of the Divide.

Lands administered by the State constitute a small part of supply to the mills in question; but a shift of even 5 MMBF, under the circumstances faced by these mills, could contribute to an interim solution. State Lands is under a mandate to maximize returns to the Education Trust from its management programs. Given the checkerboarding of ownership, and generally lower quality of lumber and greater difficulty of access east of the Divide, specific legislative action might be necessary to exempt the Department from its usual maximization of returns criteria, as well as to provide the personnel positions necessary to implement increased sales.

C. Limited Effectiveness of the Proposed Actions

Each of the responses suggested above can contribute to a solution, and it is recommended that all of them should be pursued.

Unfortunately, given the gravity and immediacy of the crisis faced by Brand S and by Stoltze's Dillon mill, it is unlikely that any of the above actions, or even all of them together, will prevent forced closure.

Long-term solutions, though necessary for the future of the mills and the industry, can't address a crisis measured in months rather than years. General law, and regulations affecting nationwide national forest management practices, deserve and will receive extended examination. Even the minor appeals reforms recently announced by the Forest Service were more than a year in the making. Were roadless lands released by wilderness legislation today, it could easily be three to five years before sales were designed, offered and actually harvested. The time for timber to reach the mills from ASQ increases could be just as long.

None of this is to say these steps are irrelevant to the immediate problem. Enactment of appeals reform, a wilderness bill, and ASQ increases would encourage mill owners to plan and invest for a long-term future, and perhaps to accept some supply interruptions and operating losses in the interim. But none of these steps will bring logs to the mills during that interim.

Nor will the short-term actions listed above, by themselves, have much effect under current conditions. When appeals prevent three-quarters of current ASQ's from being sold, only a limited effect can be gained from front-loading harvests or carrying forward unsold quantities: we are simply piling unsold sales on top of unsold sales. Salvage and sanitation harvests are also subject to appeals.

D. Principle Recommended Action: Special legislative action to mandate Forest Plan implementation, set harvest levels and limit administrative and judicial review, for a defined period.

The quandary which has been outlined suggests its own solution. A breakdown in public decision-making and administrative process has caused an outcome contrary to policy: an immediate industrial and community crisis. General reform of the administrative and decision-making apparatus is itself a lengthy process. Short-term solutions are ineffective without the general reform.

The only viable solution is a special reform, targeted to the particular areas affected, and effective only until general reforms are enacted and general decisions are taken. The mills at risk may find that the eventual outcome of the general policy process is one they can live with; the problem is that these mills will not be present to benefit from that outcome. Rather than rush to a (possibly inappropriate) general solution, we recommend attacking the immediate problem with special legislation.

A precedent and model for the recommended solution is at hand. In the fall 1988 congressional session, legislation introduced by Senator Mark Hatfield (H.R. 4867) was enacted to deal with a similar supply and appeals problem on the Mapleton Ranger District of the Siuslaw National Forest in Oregon. To ensure that adequate timber supply is available from that District, the legislation: (1) provides that the applicable Forest Plan, while redrafting and appeals proceed, be treated for administrative purposes as if it were final and approved; (2) authorizes the offering of a set annual quantity of timber on the District; (3) exempts sales pursuant to the Plan from review under NEPA, the Forest and Rangeland Renewable Resources Act, and NFMA; but (4) allows administrative and judicial review on grounds of compliance with the Siuslaw Forest Plan itself; and (5) continues these provisions only until the final Forest Plan is in effect. [See Appendix B.24]

Applied with very little modification to the Gallatin and Beaverhead forests, such a bill would resolve, in an appropriate fashion, the crisis faced by the mills at risk for closure in southwest Montana. Authorization of sale quantities equal to the current ASQ's and provision for carry-forward of unaccomplished sales, coupled with the given appeals restrictions, would free at least a minimally necessary supply while the general administrative and planning issues are addressed. Such a bill could be made effective over a period of time during which meaningful Plan and project appeals reform, and a wilderness bill, could be enacted: perhaps a minimum of three years. And with the provisions of this bill in place, the short-term actions recommended above would become effective as rapidly as they could be implemented.

It should be emphasized that we do not recommend that public decisions or administrative/judicial process should be overridden, as a general rule, by legislative fiat. What we do recommend is that an obviously failed process should be overridden, for a particular place and length of time, while general solutions are enacted through the usual means.

We recommend that the Governor and Legislature endorse, and the Delegation move to enact, a bill for the Gallatin and Beaverhead on the outlines given above.

E. The bridge to a long-term solution.

The principle recommendation made above, for special legislation to implement plans and restrict appeals, is an emergency response to an immediate crisis. Such a response is pointless if it only delays the inevitable; that is, if it is not linked to a viable long-run strategy.

We propose a three-tiered strategy, to deal with (a) resolution of the immediate crisis; (b) stabilization of supply conditions for the midterm future; and (c) adaptation to structural change in the industry, for the long term. Special legislation will answer the short-term crisis; appeals reform, wilderness resolution and the ASQ reforms suggested deal with stabilization. Our final recommendation targets long-term adaptation.

If the object of economic development policy is employment stabilization and growth, strategic planning for the timber industry as a whole must be based on diversification of production toward remanufactured and custom output. Commodity lumber and plywood are mature industries. Development in mature industries is measured in rationalization: the progressive refinement of technique and equipment to produce greater output from the same or fewer resources. So long as the Montana wood products industry remains structured around commodity production, the long-run outlook (barring continual increase in harvest levels) is for slowly declining employment.

The industry history of the past decade illustrates this trend exactly. Record sales levels for Montana forest products were achieved in 1978, at an average annual employment of 12,326. 1982 was the depth of the industry recession, and of employment, at 7,905. By 1986, the industry had recovered virtually to 1978 production, but employed almost 3,000 fewer workers.

Earlier outputs are now produced with 25% less employment; national and international competition will force this process to continue, if industry structure remains constant. [See Appendix A, Figure 3, industry sales; Appendix B.25 - B.28, employment]

Value-added production is the obvious, and oft-repeated solution. Utilizing the output of the current lumber industry, we can add employment in producing remanufactured items (panelling, millwork, furniture components, etc.) and custom-dimension lumber (not only metric, but specialty lumber to custom specifications). These products multiply the value of the underlying commodity, and are more labor-intensive as well.

We must do more than announce this strategy in general terms, as has been done so often in recent years. We must define specific profit-making opportunities.

The advantage to be derived from market studies and business plans that precisely define profit opportunities is greater than can be captured by any single producer. It is an advantage that will accrue to producers across the industry, to utilities supplying the industry, and to the Montana economy as a whole. This prospect for broadly-shared gain presents an opportunity for partnership between industry associations, major utilities and the State, to create off-the-shelf feasibility studies for individual value-added forest product lines. Such studies, the more tightly focused the better, will be useful for recruitment of private entrepreneurs within and outside the state, and for inducement of established producers to make the investments, and the changes in product lines and marketing technique, necessary to build resiliency, diversity and increasing employment into the future of Montana's timber industry.

Our final recommendation, then, is that the State address this opportunity to explore and exploit specific value-added business opportunities, by undertaking a series of product line feasibility studies in partnership with the industries and utilities that will principally benefit from such information. Otherwise, we are limiting development policy to a reactive and defensive stance -- a stance that is guaranteed to lose ground in a dynamic and increasingly competitive international economy.

The recommended approach implements the classic, and limited, roles of government in a private economy: emergency response; stabilization; and provision of information and other services whose benefits are broader than can be captured by individual firms in the market.

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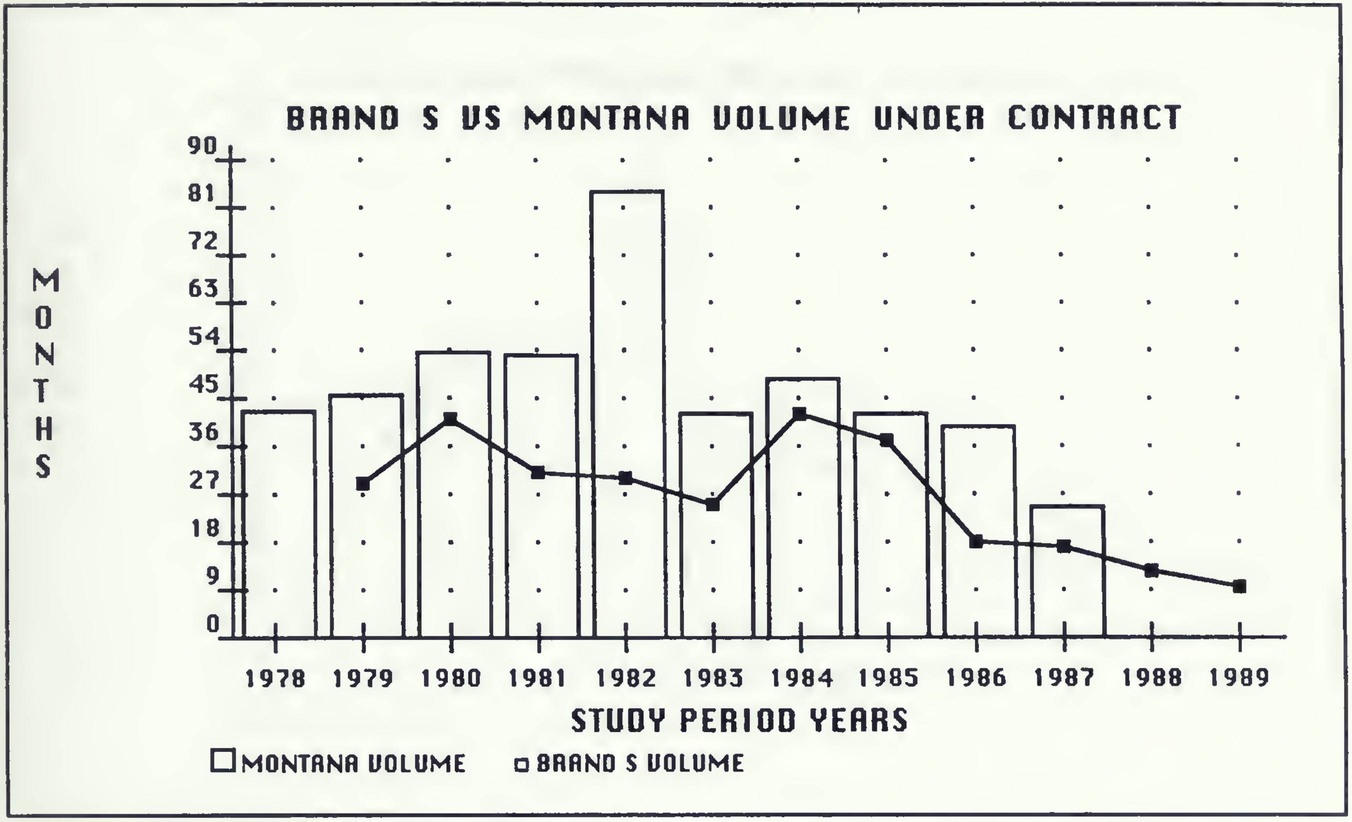
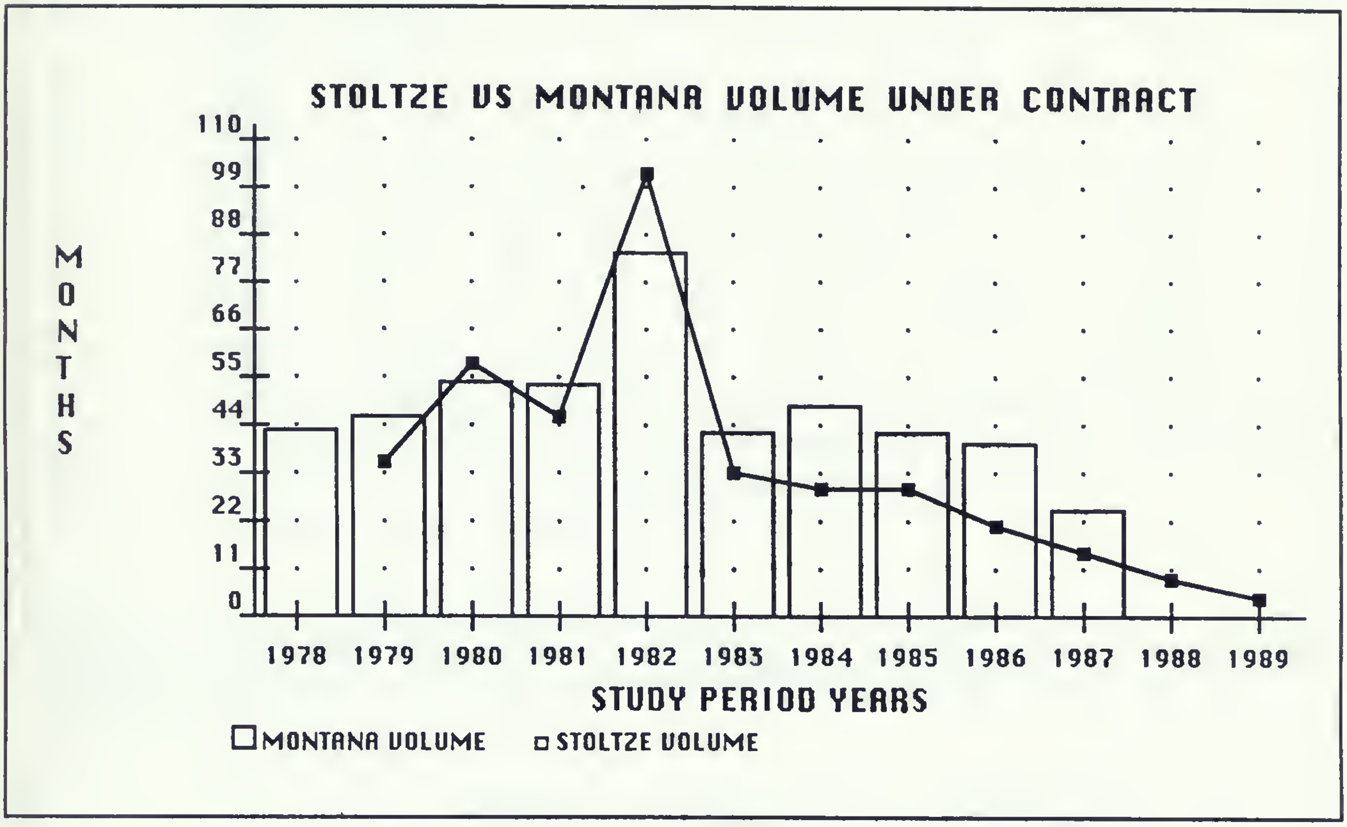
APPENDIX A

FIGURE 1



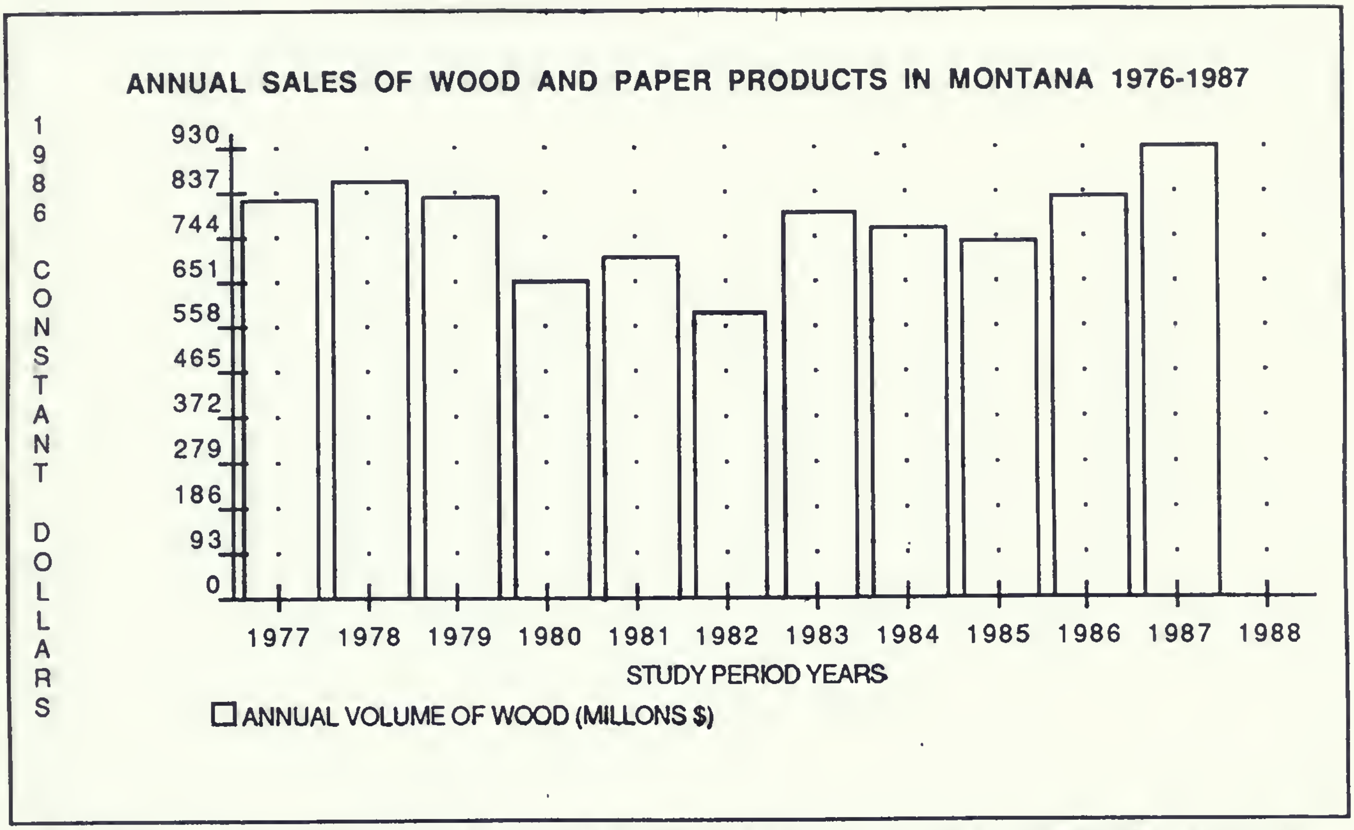
SOURCE: UNCUT VOLUME OF TIMBER ON NATIONAL FORESTS DERIVED FROM USDA FOREST SERVICE DATA, BY DAVID H. JACKSON, UNIVERSITY OF MONTANA. BRAND S LUMBER PROVIDED VOLUME UNDER CONTRACT INFORMATION THROUGH JANUARY 1989.

FIGURE 2

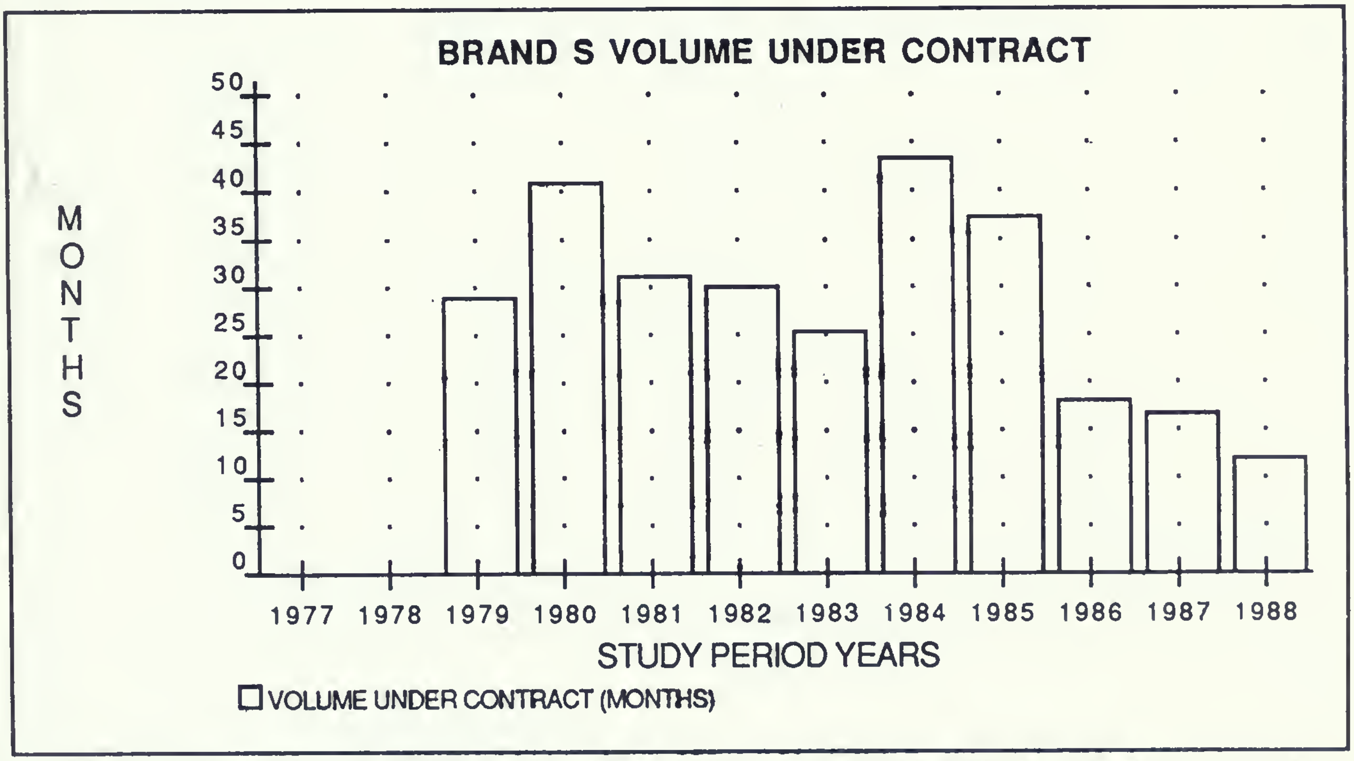


SOURCE: UNCUT VOLUME OF TIMBER ON NATIONAL FORESTS DERIVED FROM USDA FOREST SERVICE DATA, BY DAVID H. JACKSON, UNIVERSITY OF MONTANA. STOLTZE LUMBER PROVIDED VOLUME UNDER CONTRACT INFORMATION THROUGH JANUARY 1989.

FIGURE 3

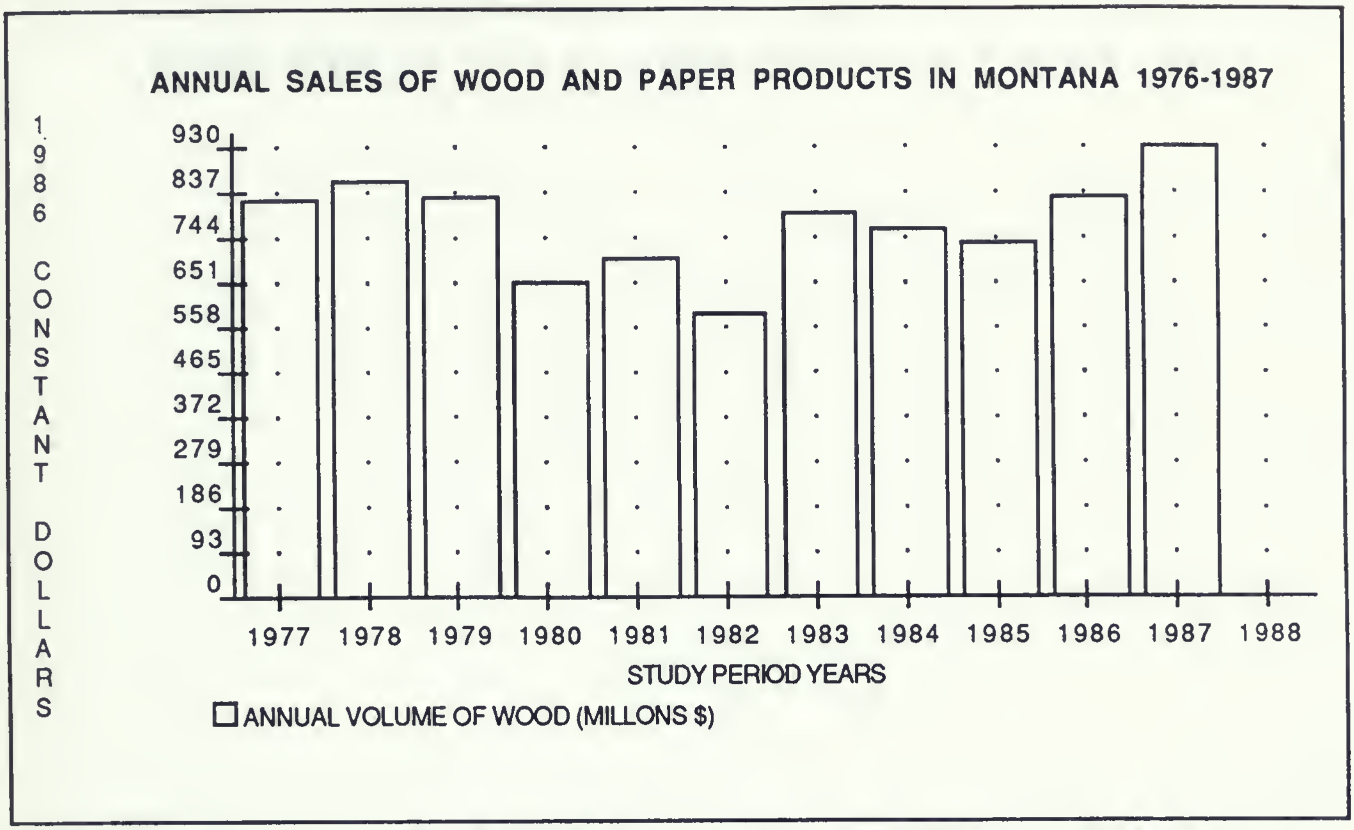


SOURCE: CHARLES E. KEEGAN III, K. JEFFERSON MARTIN, DONALD G. STEVENSON, CHANGES IN PRODUCTION EFFICIENCY IN MONTANA'S FOREST PRODUCT INDUSTRY 1976-1986, MONTANA BUSINESS QUARTERLY, WINTER 1987, pg 9.



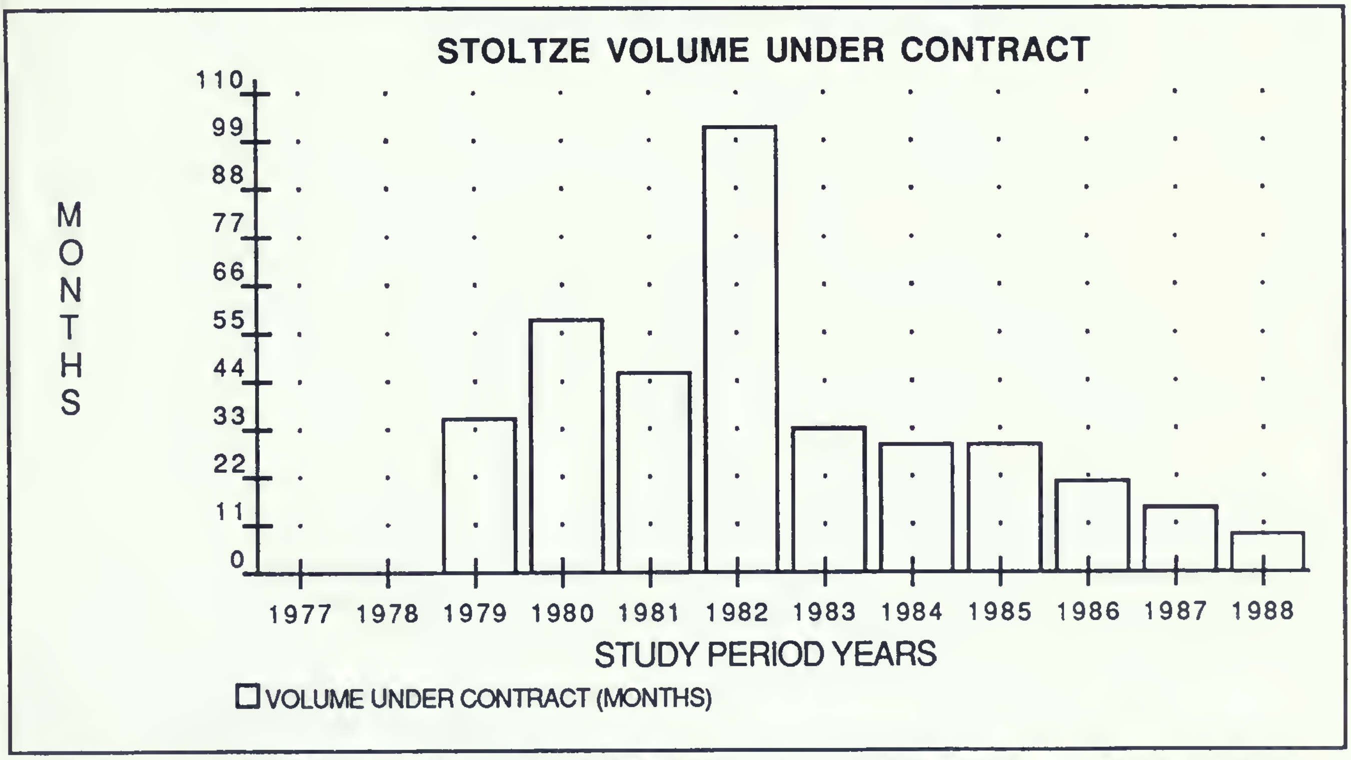
SOURCE: DATA PROVIDED BY BRAND S FOR VOLUME UNDER CONTRACT INFORMATION THROUGH APRIL 1988

FIGURE 4



ANNUAL SALES OF WOOD AND PAPER PRODUCTS IN MONTANA 1976-1987

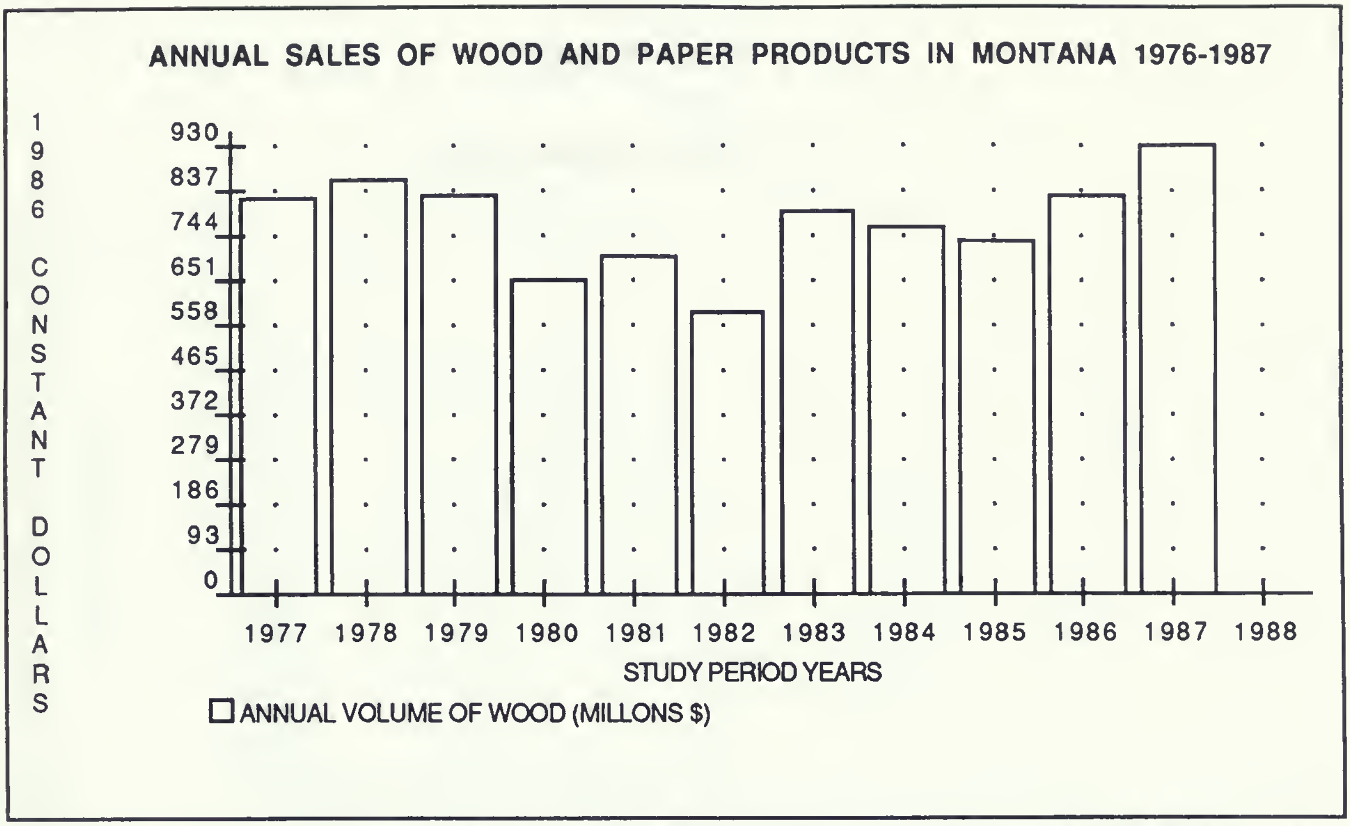
SOURCE: CHARLES E. KEEGAN III, K. JEFFERSON MARTIN, DONALD G. STEVENSON, CHANGES IN PRODUCTION EFFICIENCY IN MONTANA'S FOREST PRODUCT INDUSTRY 1976-1986, MONTANA BUSINESS QUARTERLY, WINTER 1987, pg 9.



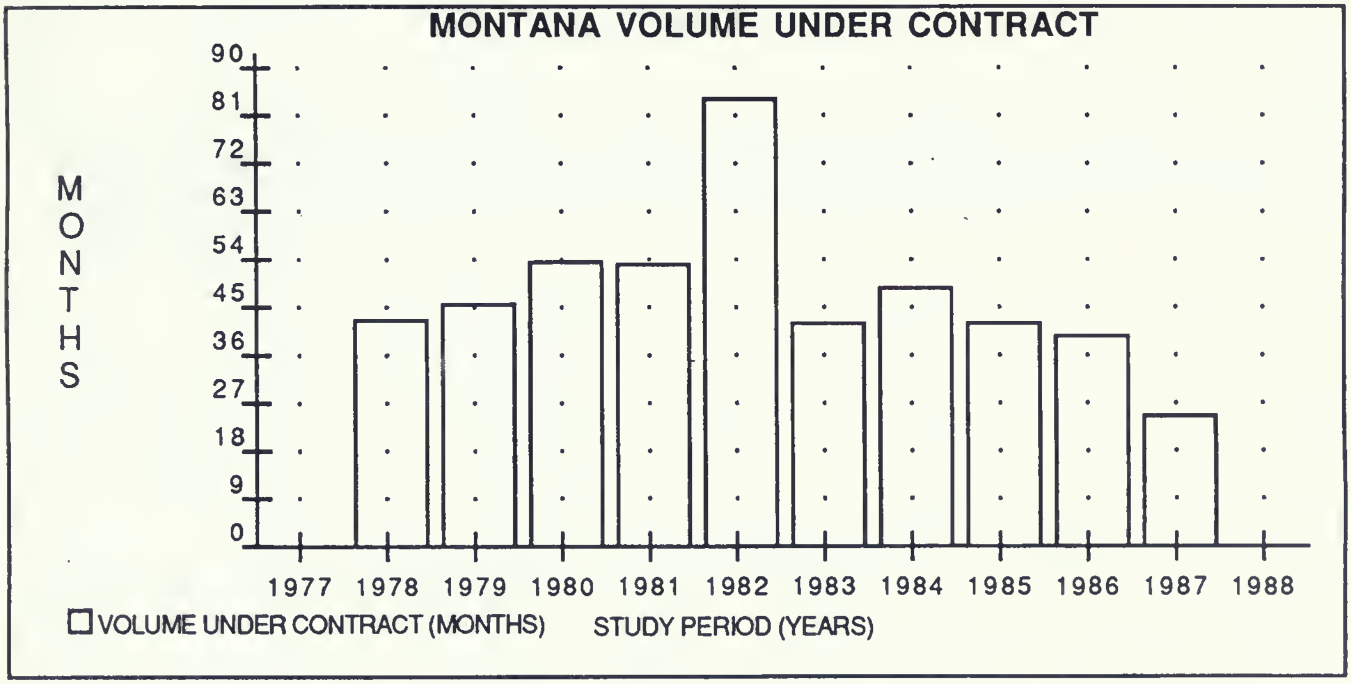
STOLTZE VOLUME UNDER CONTRACT

SOURCE: DATA PROVIDED BY STOLTZE FOR VOLUME UNDER CONTRACT INFORMATION THROUGH APRIL 1988

FIGURE 5


ANNUAL SALES OF WOOD AND PAPER PRODUCTS IN MONTANA 1976-1987

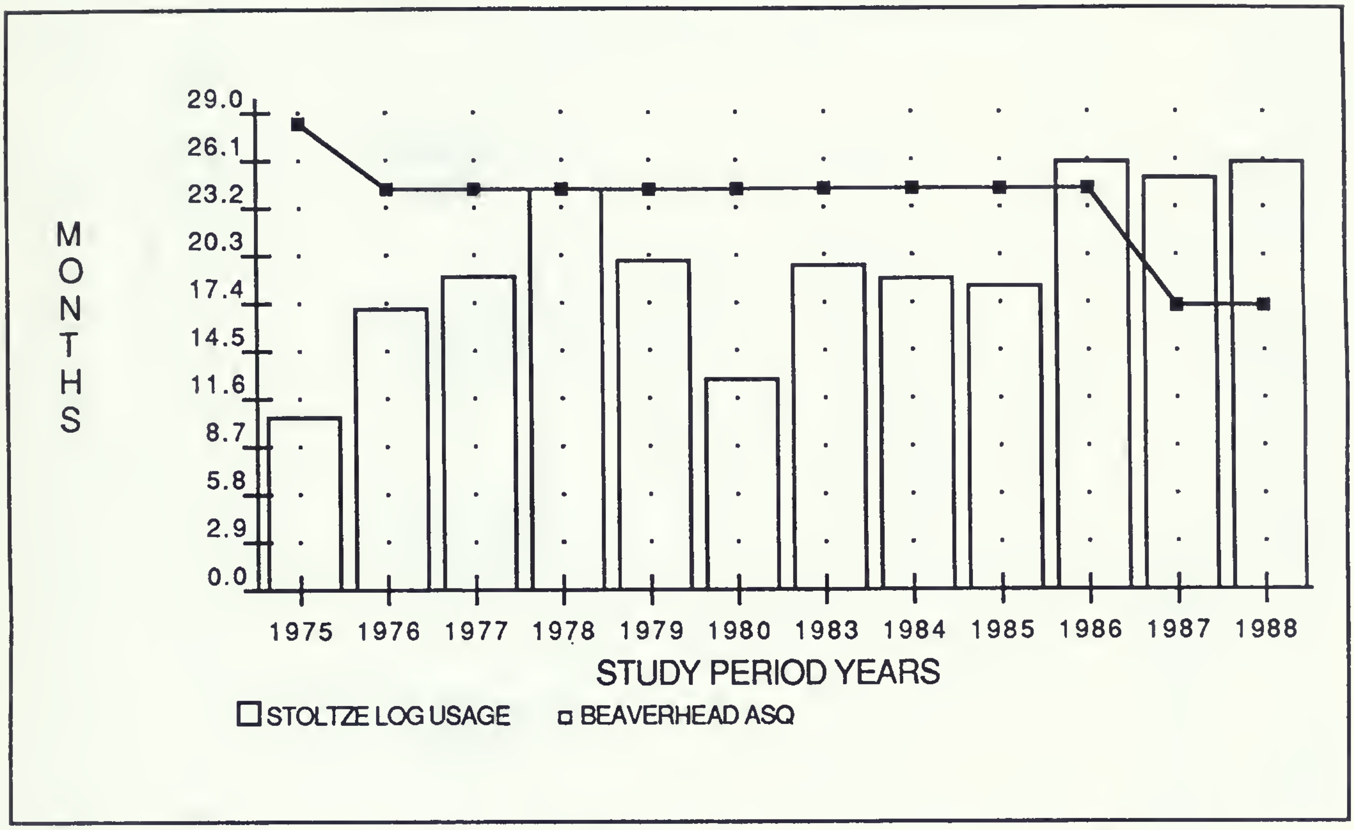
SOURCE: CHARLES E. KEEGAN III, K. JEFFERSON MARTIN, DONALD G. STEVENSON, CHANGES IN PRODUCTION EFFICIENCY IN MONTANA'S FOREST PRODUCT INDUSTRY 1976-1986, MONTANA BUSINESS QUARTERLY, WINTER 1987, pg 9.


MONTANA VOLUME UNDER CONTRACT

SOURCE: UNCUT VOLUME OF TIMBER ON NATIONAL FORESTS DERIVED FROM USDA FOREST SERVICE DATA, BY DAVID H. JACKSON, UNIVERSITY OF MONTANA.

FIGURE 6

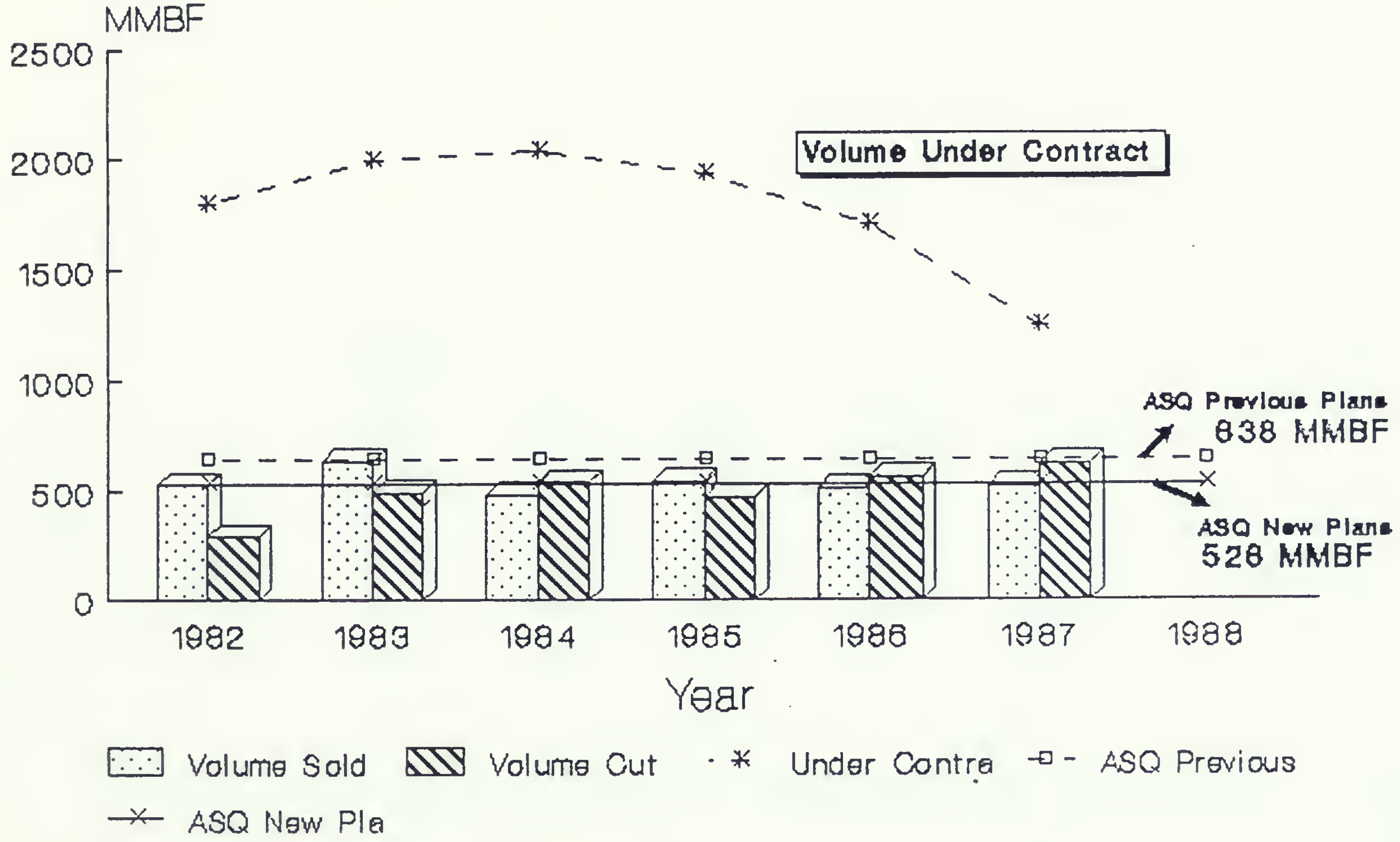
STOLTZE LOG USAGE
VS
BEAVERHEAD FOREST PLAN ASQ'S



SOURCE: DERIVED FROM DATA PROVIDED BY THE USDA, FOREST SERVICE, MONTANA TIMBER HARVEST ON NATIONAL FORESTS-MISSOULA, MT. 1987. . STOLTZE LUMBER PROVIDED TIMBER INTAKE INFORMATION THROUGH APRIL 1988.

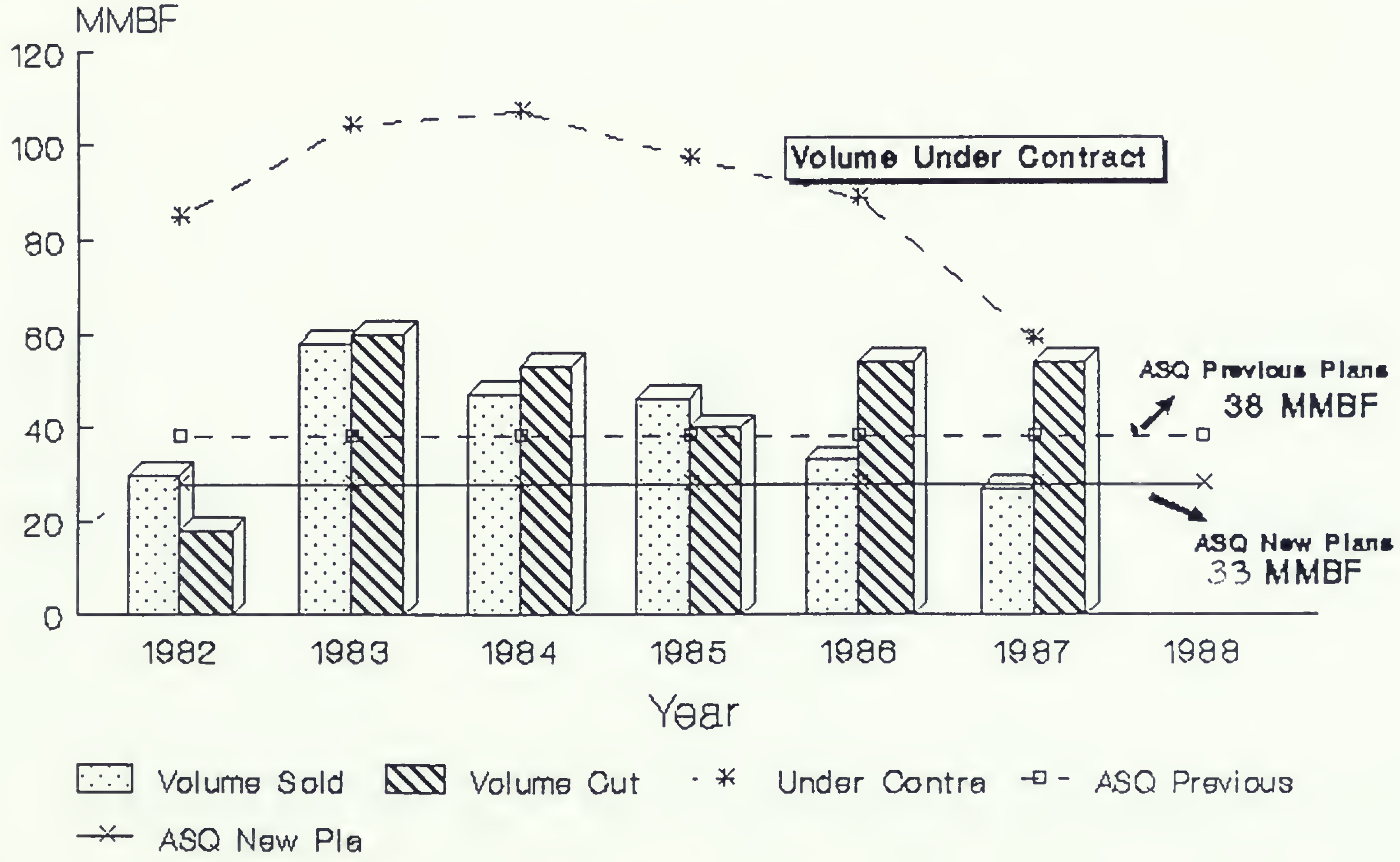
Forest Service Timber Program

Montana

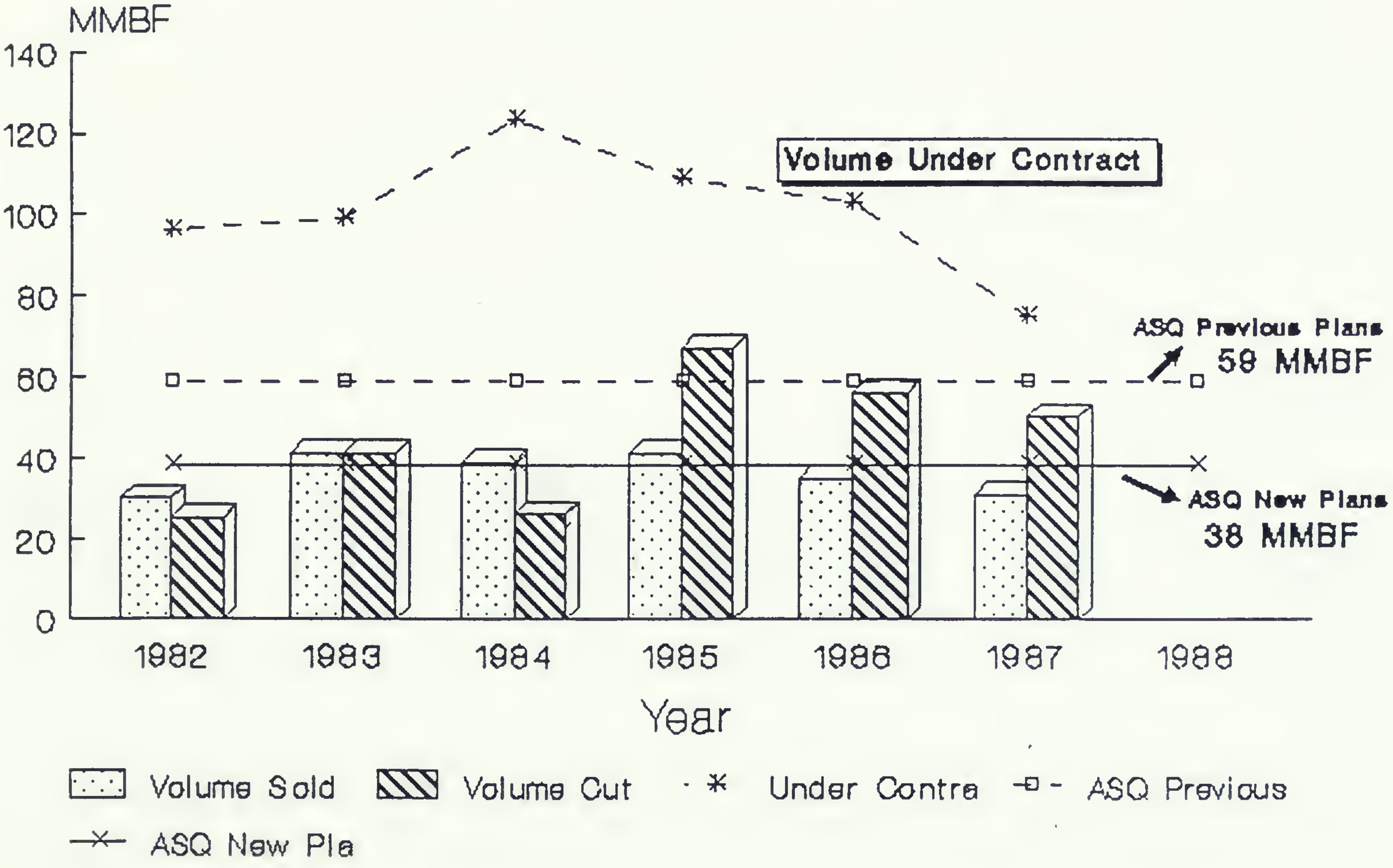


Source: figures compiled by James S. Riley, Intermountain Forest Industry Association, from U.S. Forest Service, Timber Sales Program data, Region I.

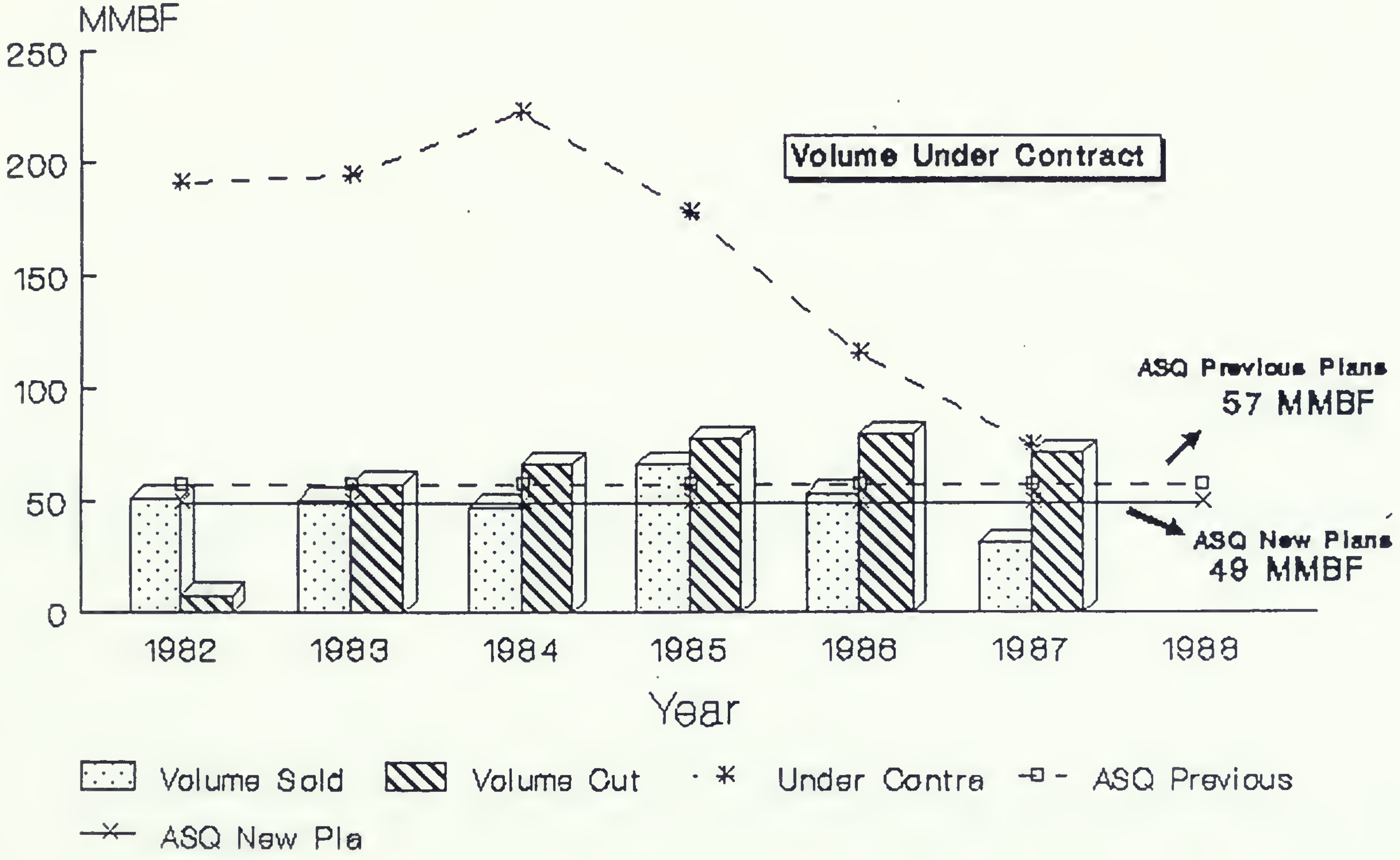
Forest Service Timber Program
Gallatin and Lewis & Clark Forests



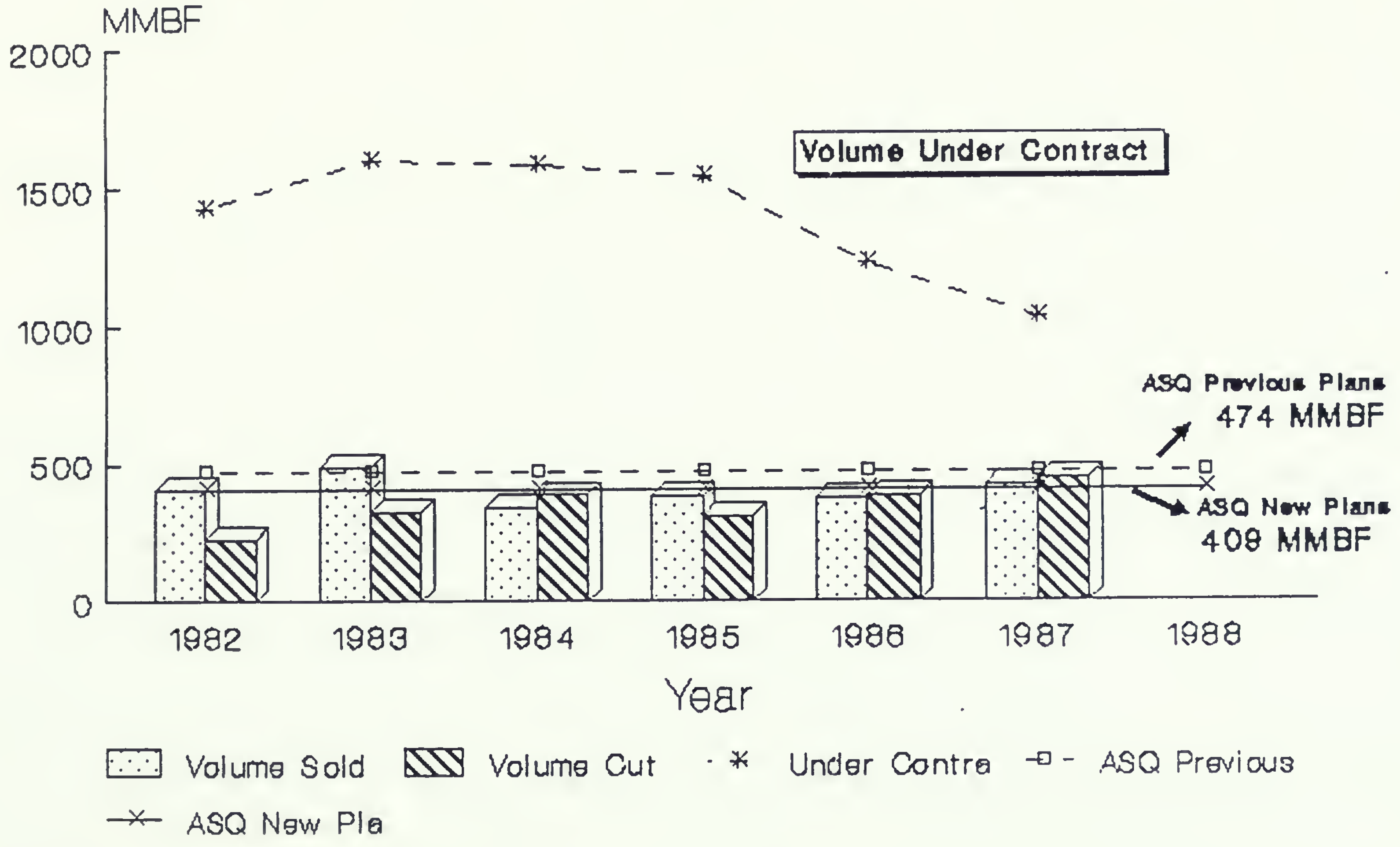
Forest Service Timber Program
Deerlodge and Helena Forests



Forest Service Timber Program
Bitterroot and Beaverhead Forests



Forest Service Timber Program
Lolo, Kootenai, & Flathead Forests



APPENDIX B

MONTANA TIMBER HARVEST

		CALENDAR YEARS									
		1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
USDA Forest Service[1]	MBF	470,361	498,862	458,560	451,685	408,619	432,478	274,538	569,180	479,253	551,365
	% of Total	42.5	44.3	39.1	41.2	43.2	45.9	32.8	46.8	43.2	47.4
Bureau of Indian Affairs[2]	MBF	44,090	45,986	53,570	42,589	38,015	38,000	29,762	37,922	44,973	18,043
	% of Total	4.0	4.1	4.6	3.9	4.0	4.0	3.6	3.1	4.1	1.6
Bureau of Land Managemt.[3]	MBF	4,474	5,095	5,088	5,417	5,598	9,060	10,587	14,803	5,341	7,923
	% of Total	0.4	0.4	0.4	0.5	0.6	1.0	1.3	1.2	0.5	0.7
State of Montana[4]	MBF	17,316	18,825	27,488	28,272	25,968	28,852	29,530	27,140	24,887	26,045
	% of Total	1.6	1.7	2.4	2.6	2.8	3.1	3.5	2.2	2.2	2.2
All private Montana[4]	MBF	569,903	556,809	626,714	567,466	466,602	434,011	492,432	568,738	555,579	560,099
	% of Total	51.5	49.5	53.5	51.8	49.4	46.0	58.8	46.7	50.1	48.1
Subtotal[5]		1,106,104	1,120,569	1,164,973	1,087,590	938,928	936,561	828,119	1,151,196	1,043,056	1,117,087
Total harvest	MBF	1,106,144	1,124,577	1,171,420	1,095,429	944,802	942,401	836,849	1,217,783	1,110,033	1,164,275

[1] USDA Forest Service, Missoula, Montana.

[2] Bureau of Indian Affairs, Billings, Montana.

[3] Bureau of Land Management, Billings, Montana

[4] Montana Department of State Lands, Division of Forestry, Missoula, Montana.

[5] Subtotal harvest excludes firewood sales on National Forests.

(30-001) BEAVERHEAD

PERSONAL INCOME BY MAJOR SOURCE AND
EARNINGS BY INDUSTRY 1/
(THOUSANDS OF DOLLARS)

ITEM	1981	1982	1983	1984	1985	1986
INCOME BY PLACE OF RESIDENCE						
TOTAL PERSONAL INCOME	75,276	77,766	80,003	82,447	84,126	94,913
NONFARM PERSONAL INCOME	64,352	70,280	76,039	78,621	81,504	85,702
FARM INCOME 2/	10,924	7,486	3,964	3,826	2,622	9,211
POPULATION (THOUSANDS) 3/	8.3	8.5	8.7	8.5	8.5	8.5
PER CAPITA PERSONAL INCOME (DOLLARS)	9,063	9,104	9,228	9,718	9,923	11,219
DERIVATION OF TOTAL PERSONAL INCOME						
EARNINGS BY PLACE OF WORK	50,577	50,085	50,094	52,194	52,426	61,906
LESS: PERSONAL CONT. FOR SOCIAL INSUR. 4/	2,482	2,814	3,023	3,257	3,513	3,751
PLUS: ADJUSTMENT FOR RESIDENCE	-2,516	-2,960	-3,233	-3,394	-3,325	-3,738
EQUALS: NET EARN. BY PLACE OF RESIDENCE	45,579	44,311	43,838	45,543	45,588	54,417
PLUS: DIVIDENDS, INTEREST, AND RENT 5/	17,704	19,877	21,056	21,107	20,983	21,430
PLUS: TRANSFER PAYMENTS	11,993	13,578	15,109	15,797	17,555	19,066
EARNINGS BY PLACE OF WORK						
COMPONENTS OF EARNINGS						
WAGES AND SALARIES	33,659	36,766	39,055	40,587	41,625	43,639
OTHER LABOR INCOME	2,494	3,029	3,381	3,484	3,558	3,890
PROPRIETORS' INCOME 6/	14,424	10,290	7,658	8,123	7,243	14,377
FARM	5,979	2,411	- 985	-1,095	-2,373	4,156
NONFARM	8,445	7,879	8,643	9,218	9,616	10,221
EARNINGS BY INDUSTRY						
FARM	10,924	7,486	3,964	3,826	2,622	9,211
NONFARM	39,653	42,599	46,130	48,368	49,804	52,695
PRIVATE	28,605	29,923	32,786	34,522	34,944	37,555
AG. SERV., FOR.,FISHING,HUNTING & TRAPPING	411	371	536	469	462	501
AGRICULTURAL SERVICES	(D)	364	447	424	396	431
FORESTRY, FISHING, HUNTING, & TRAPPING	(D)	(L)	89	(L)	66	70
FORESTRY	(L)	(L)	50	(L)	(L)	(D)
FISHING, HUNTING, & TRAPPING	(D)	(L)	(L)	(L)	(L)	(D)
MINING	1,233	(D)	(D)	(D)	(D)	(D)
COAL MINING	0	0	0	0	0	0
OIL AND GAS EXTRACTION	707	915	196	360	369	313
METAL MINING	513	(D)	(D)	(D)	(L)	149
NONMETALLIC MINERALS, EXCEPT FUELS	(L)	(D)	(D)	(D)	(D)	(D)
CONSTRUCTION	3,016	(D)	(D)	(D)	(D)	(D)
GENERAL BUILDING CONTRACTORS	886	764	947	1,037	949	1,049
HEAVY CONSTRUCTION CONTRACTORS	227	(D)	(D)	(D)	(D)	(D)
SPECIAL TRADE CONTRACTORS	1,903	2,095	2,015	2,155	2,501	2,636
MANUFACTURING	2,129	1,283	2,563	2,542	2,194	3,226

BEAVERHEAD	1981	1982	1983	1984	1985	1986
COMBINED REAL ESTATE, INSURANCE, ETC.	0	0	0	0	0	0
HOLDING & OTHER INVESTMENT COMPANIE	(D)	(L)	58	(L)	95	109
SERVICES	6,531	6,388	7,012	7,499	8,022	8,717
HOTELS AND OTHER LODGING PLACES	893	730	822	715	811	848
PERSONAL SERVICES	301	327	282	287	361	417
PRIVATE HOUSEHOLDS	(L)	(L)	(L)	(L)	(L)	(L)
BUSINESS SERVICES	537	420	445	468	573	(D)
AUTO REPAIR, SERVICES, AND GARAGES	595	584	615	747	665	719
MISCELLANEOUS REPAIR SERVICES	396	315	321	357	278	259
AMUSEMENT AND RECREATION SERVICES	89	74	145	156	175	157
MOTION PICTURES	0	0	0	0	(D)	(D)
HEALTH SERVICES	2,174	2,439	2,813	3,011	3,187	3,595
LEGAL SERVICES	526	510	549	555	624	653
EDUCATIONAL SERVICES	(D)	144	148	169	133	198
SOCIAL SERVICES 8/	(D)	144	170	199	204	127
MUSEUMS, BOTANICAL, ZOOLOGICAL GARDENS	0	(D)	(D)	(D)	(D)	(D)
MEMBERSHIP ORGANIZATIONS	290	(D)	(D)	(D)	341	326
MISCELLANEOUS PROFESSIONAL SERVICES	473	390	364	481	582	620
GOVERNMENT AND GOVERNMENT ENTERPRISES	11,048	12,676	13,344	13,846	14,860	15,140
FEDERAL, CIVILIAN	3,750	4,227	4,278	4,434	4,892	4,586
MILITARY	132	152	200	217	230	265
STATE AND LOCAL	7,166	8,297	8,866	9,195	9,738	10,289

SEE FOOTNOTES AT END OF TABL

1/ 1969-74 BASED ON 1967 SIC. 1975-86 BASED ON 1972 SIC.

2/ FARM INCOME CONSISTS OF PROPRIETORS' NET FARM INCOME, THE WAGES OF HIRED FARM LABOR, THE PAY-IN-KIND OF HIRED FARM LABOR, A THE SALARIES OF OFFICERS OF CORPORATE FARMS.

3/ MIDYEAR POPULATION ESTIMATES OF THE BUREAU OF THE CENSUS. ESTIMATES FOR 1980-86 REFLECT REVISIONS AVAILABLE AS OF MARCH 198

4/ PERSONAL CONTRIBUTIONS FOR SOCIAL INSURANCE ARE INCLUDED IN EARNINGS BY TYPE AND INDUSTRY BUT EXCLUDED FROM PERSONAL INCOME.

5/ INCLUDES THE CAPITAL CONSUMPTION ADJUSTMENT FOR RENTAL INCOME OF PERSONS.

6/ INCLUDES THE INVENTORY VALUATION AND CAPITAL CONSUMPTION ADJUSTMENTS.

7/ UNDER THE 1972 STANDARD INDUSTRIAL CLASSIFICATION, ORDNANCE WAS RECLASSIFIED TO FOUR 2-DIGIT INDUSTRIES: FABRICATED METAL PRODUCTS, ELECTRIC AND ELECTRONIC EQUIPMENT, TRANSPORTATION EQUIPMENT, AND INSTRUMENTS AND RELATED PRODUCTS.

8/ THIS CATEGORY IS NEW UNDER THE 1972 STANDARD INDUSTRIAL CLASSIFICATION; THEREFORE ESTIMATES PRIOR TO 1975 DO NOT EXIST.

(D) NOT SHOWN TO AVOID DISCLOSURE OF CONFIDENTIAL INFORMATION; (L) LESS THAN $50,000. ESTIMATES ARE INCLUDED IN TOTALS.

N/A DATA NOT AVAILABLE FOR THIS YEAR.

REGIONAL ECONOMIC INFORMATION SY
BUREAU OF ECONOMIC ANALYSIS
U.S. DEPARTMENT OF COMMERCE

TABLE CA5

APRIL 1988

(30-901) PARK(INC YELL. PARK)

PERSONAL INCOME BY MAJOR SOURCE AND
EARNINGS BY INDUSTRY 1/
(THOUSANDS OF DOLLARS)

ITEM	1981	1982	1983	1984	1985	1986
INCOME BY PLACE OF RESIDENCE						
TOTAL PERSONAL INCOME	128,043	131,892	137,279	146,769	152,659	160,860
NONFARM PERSONAL INCOME	124,190	131,260	136,113	145,253	151,331	155,856
FARM INCOME 2/	3,853	632	1,166	1,516	823	5,004
POPULATION (THOUSANDS) 3/	13.4	13.3	13.5	13.4	13.5	13.2
PER CAPITA PERSONAL INCOME (DOLLARS)	9,565	9,917	10,166	10,915	11,296	12,161
DERIVATION OF TOTAL PERSONAL INCOME						
EARNINGS BY PLACE OF WORK	83,009	79,807	82,195	90,216	89,162	95,209
LESS: PERSONAL CONT. FOR SOCIAL INSUR. 4/	4,831	5,348	5,432	6,212	6,699	7,041
PLUS: ADJUSTMENT FOR RESIDENCE	847	1,254	909	- 85	(L)	- 351
EQUALS: NET EARN. BY PLACE OF RESIDENCE	79,025	75,713	77,672	83,919	82,480	87,817
PLUS: DIVIDENDS, INTEREST, AND RENT 5/	28,070	31,578	32,922	34,440	39,095	39,957
PLUS: TRANSFER PAYMENTS	20,953	24,601	26,685	28,410	31,084	33,036
EARNINGS BY PLACE OF WORK						
COMPONENTS OF EARNINGS						
WAGES AND SALARIES	64,991	64,768	64,493	71,124	69,935	70,749
OTHER LABOR INCOME	4,662	5,198	5,167	5,634	5,619	5,677
PROPRIETORS' INCOME 6/	13,356	9,841	12,535	13,458	13,608	13,733
FARM	1,970	-1,287	- 711	- 357	-1,073	3,035
NONFARM	11,386	11,128	13,246	13,815	14,631	15,693
EARNINGS BY INDUSTRY						
FARM	3,858	632	1,166	1,516	828	5,004
NONFARM	79,151	79,175	81,029	88,700	88,334	90,205
PRIVATE	70,198	69,390	70,234	77,419	76,219	78,166
AG. SERV., FOR.,FISHING,HUNTING & TRAPPING	455	320	793	669	567	647
AGRICULTURAL SERVICES	320	330	410	421	385	427
FORESTRY, FISHING, HUNTING, & TRAPPING	135	(L)	383	243	132	220
FORESTRY	93	(L)	310	236	95	126
FISHING, HUNTING, & TRAPPING	(L)	(L)	73	(L)	87	94
MINING	627	399	529	1,630	1,423	3,544
COAL MINING	0	0	0	0	0	0
OIL AND GAS EXTRACTION	425	314	253	242	440	434
METAL MINING	178	(D)	(D)	1,216	(D)	(D)
NONMETALLIC MINERALS, EXCEPT FUELS	(L)	(D)	(D)	172	(D)	(D)
CONSTRUCTION	4,176	6,330	5,049	4,674	4,583	4,596
GENERAL BUILDING CONTRACTORS	932	1,486	2,135	2,055	1,923	2,025
HEAVY CONSTRUCTION CONTRACTORS	1,260	2,608	927	549	490	431
SPECIAL TRADE CONTRACTORS	1,984	2,236	1,987	2,070	2,170	2,140
MANUFACTURING	5,387	4,850	5,515	5,792	5,381	5,603

PARK (INC YELLOWSTONE PARK)	1981	1982	1983	1984	1985	1986
COMBINED REAL ESTATE, INSURANCE, ETC.	(D)	(D)	(D)	136	129	(L)
HOLDING & OTHER INVESTMENT COMPANIE	185	(L)	124	89	252	291
SERVICES	13,558	14,238	16,249	19,061	18,790	20,321
HOTELS AND OTHER LODGING PLACES	(D)	2,254	2,597	2,922	2,974	3,873
PERSONAL SERVICES	1,050	1,134	1,210	1,282	1,551	1,615
PRIVATE HOUSEHOLDS	221	237	252	278	277	(D)
BUSINESS SERVICES	664	802	1,403	2,871	1,338	1,361
AUTO REPAIR, SERVICES, AND GARAGES	810	743	981	1,115	1,175	1,164
MISCELLANEOUS REPAIR SERVICES	223	330	556	624	492	434
AMUSEMENT AND RECREATION SERVICES	309	304	336	417	532	675
MOTION PICTURES	(D)	(D)	(D)	72	85	102
HEALTH SERVICES	5,163	5,978	6,411	6,839	7,518	7,743
LEGAL SERVICES	644	543	572	582	583	677
EDUCATIONAL SERVICES	(D)	(D)	(D)	219	(D)	(D)
SOCIAL SERVICES 8/	276	266	340	372	407	419
MUSEUMS, BOTANICAL, ZOOLOGICAL GARDENS	(D)	(D)	(D)	(L)	(D)	0
MEMBERSHIP ORGANIZATIONS	(D)	477	483	528	537	517
MISCELLANEOUS PROFESSIONAL SERVICES	1,333	961	876	934	1,081	1,155
GOVERNMENT AND GOVERNMENT ENTERPRISES	8,953	9,785	10,795	11,281	12,115	12,039
FEDERAL, CIVILIAN	1,548	1,484	1,576	1,639	1,842	1,640
MILITARY	217	245	310	340	358	413
STATE AND LOCAL	7,188	8,056	8,909	9,302	9,915	9,936

SEE FOOTNOTES AT END OF TAB

1/ 1969-74 BASED ON 1967 SIC. 1975-86 BASED ON 1972 SIC.

2/ FARM INCOME CONSISTS OF PROPRIETORS' NET FARM INCOME, THE WAGES OF HIRED FARM LABOR, THE PAY-IN-KIND OF HIRED FARM LABOR, A THE SALARIES OF OFFICERS OF CORPORATE FARMS.

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8/ THIS CATEGORY IS NEW UNDER THE 1972 STANDARD INDUSTRIAL CLASSIFICATION; THEREFORE ESTIMATES PRIOR TO 1975 DO NOT EXIST.

(D) NOT SHOWN TO AVOID DISCLOSURE OF CONFIDENTIAL INFORMATION; (L) LESS THAN $50,000. ESTIMATES ARE INCLUDED IN TOTALS.

N/A DATA NOT AVAILABLE FOR THIS YEAR.

I. BRAND S VOLUME UNDER CONTRACT
(MMBF)
Mid-year (April 30) figures, except 1989

	1984	1985	1986	1987	1988	January 1989
Forest Service	73.17	65.52	36.26	39.29	33.80	25
Other	43.91	40.10	21.60	18.50	10.80	9
Total	117.08	105.62	57.86	57.79	44.60	34
Months @ Normal Production	**42**	**37**	**18**	**17**	**12.4**	**9.5**

II. F.H. STOLTZE, DILLON, VOLUME UNDER CONTRACT
(MMBF)
Mid-year figures, except 1989

	1984	1985	1986	1987	1988	January 1989
Forest Service	40.74	37.04	38.46	26.06	12.71	5.88
Other	5.20	7.69	6.21	4.63	5.29	3.61
Total	45.94	44.73	44.67	30.69	18.00	9.49
Months @ Normal Production	**29.2**	**29.2**	**20.6**	**14.2**	**8.3**	**4.4**

Source: Brand S and F.H. Stoltze management information

DEPENDENCE ON NATIONAL FOREST LANDS
(Precent of timber intake from Forest Service Lands)

I. BRAND S

1984	1985	1986	1987	1988	1989
62.5%	62.0%	62.7%	68.0%	75.8%	73.5%

II. F.H. STOLTZE

1984	1985	1986	1987	1988	1989
88.7%	82.8%	86.1%	84.9%	70.6%	62.0%

III. USDA Forest Service Harvest, as % of Total Montana Harvest, 1983-1985:

42.6%

Source: Brand S and F.H. Stoltze management information
Montana harvest: USDA Forest Service, Region I, "Montana Timber Harvest"

CORROBORATING INFORMATION TAKEN FROM THE U.S. FOREST SERVICE AUTOMATED TIMBER SALES ACCOUUNTING SYSTEM VOLUME UNDER CONTRACT BY ACCOUNT - AS OF JUNE 30, 1988 FOR F.H. STOLTZE AND BRAND "S" WITHIN SIX NATIONAL FORESTS.

DEERLODGE

Purchaser	Doc #	Sale Name	Current Term Date	Units	Quantity Cut	Remaining
Brand S Corp	04-011643	Browns Alaska #2	12/31/90	MBF	1644.0	None
HELENA						
Brand S Corp	01-004080	West Cabin	3/31/91	MBF	None	1920.0
LEWIS & CLARK						
Brand S Corp	07-007411	Lake Creek	6/16/88	MBF	1101.50	None
	07-007882	Quartzite-Moose	3/31/90	MBF	1429.00	2944.0
	06-007338	Guard Station	11/24/88	MBF	68.53	1377.89
	06-007379	Basin-Whitetail	09/30/88	MBF	1730.41	966.90
	06-008096	Robinson Checkerboard	12/30/90	MBF	11.00	1652.00
GALLATIN						
Brand S Corp	07-016143	Moonlight	10/31/89	MBF	None	6847.00
	03-016424	Deads Gone	10/15/88	PAM	None	28.00
	06-016044	Stone Creek	08/03/88	MBF	3890.66	None
	06-016127	Jackson-Willow	06/30/88	MBF	2879.00	None
	06-016382	Portal Salvage	12/31/91	MBF	None	3768.00
	07-015814	West Hebgen	07/20/89	MBF	5196.59	4848.58
	01-016135	Iron Mountain	09/30/89	MBF	3332.00	3059.00
	02-016283	Livingston Peak	12/31/89	MBF	2618.00	None
	06-016416	China Yankee	12/31/90	MBF	None	2433.00
	06-016432	Flatrock	12/31/90	MBF	None	869.00
	01-016036	East Boulder	09/07/88	MBF	3474.00	2601.00
	06-016275	Bear Chestnut	12/31/91	MBF	2856.00	3595.00
BEAVERHEAD						
F.H. Stoltze	01-007929	East Selway	3/31/90	MBF	4751.00	549.00
	01-008059	Frying Pan	3/31/92	MBF	2516.00	64.00
	01-008067	Buffalo	3/31/92	MBF	1796.29	1229.00
	02-007606	Bryant-Moose	6/08/90	MBF	3008.30	1196.70
	02-007895	Lacy Creek	3/31/89	MBF	2659.00	None
	02-007994	Foolhen Trail	3/31/92	MBF	None	1781.00
	03-007887	Cascade	3/31/91	MBF	1254.22	3899.68
	05-007879	Barton Gulch-BLM	3/31/90	MBF	566.00	1704.00
	06-007564	Ramshorn	9/30/88	MBF	2875.33	511.31
	06-007861	Barton Gulch-FS	3/31/90	MBF	1953.89	3742.00
Brand S Corp	07-007366	Granite Mountain	7/17/88	MBF	2696.60	None
	07-008083	Virginia Creek	3/31/91	MBF	69.00	1854.00

Summary, U.S. Forest Service Estimate, Brand S and Stoltze Volume Under Contract on National Forests - June 1988

NATIONAL FOREST	F.H. STOLTZE	BRAND "S"
Deer Lodge	-0-	-0-
Helena	-0-	1.920
Lewis & Clark	-0-	6,940
Gallatin	-0-	28.020
Beaverhead	10.77	1.854
TOTAL	10.77	38.734

Source: USFS Region I, Automated Timber Sales Accounting System, June 30, 1988.

COMPARISON, USFS AND INDUSTRY ESTIMATES OF BRAND S AND STOLTZE VOLUME UNDER CONTRACT MID-YEAR (APRIL-JUNE) 1988

I.

	Brand S Figures	USFS Figures
Volume on National Forests (MMBF)	33.8	38.7
National Forest Volume in Months @ 43 MMBF/year	9.4	10.8

II.

	F.H. Stoltze Figures	USFS Figures
Volume on National Forests (MMBF)	12.71	10.77
National Forest Volume in Months @26.0 MMBF/year	5.9	5.0

DATA ADAPTED FROM
ROBERT MORRIS ASSOCIATES
1987 ANNUAL STATEMENT STUDIES

TYPICAL SAWMILL ONE SHIFT

		Per 1000 BF Lumber
TOTAL SALES	$6,021,750	$185.00
(32,550 bf lumber x $185.00)		
Variable Costs		
wood costs ($99.69/ 1000 bf)	3,244,909	$ 99.69
production costs ($54.72/1000)	1,781,136	$ 54.72
Total Variable Costs	5,026,045	
($5,026,045/32,550 bf)		$154.41
Fixed Costs		
interest on debt (2.9% sales)*	349,261	
management comp. (2.2% sales)*	264,957	
depreciation (3.5% sales)*	421,522	
Total Fixed Costs	1,035,740	
($1,035,740/32,550 bf lumber)		$ 31.32
TOTAL COSTS TO PRODUCE 1000 BF LUMBER		$186.23

TYPICAL SAWMILL TWO SHIFTS

		Per 100 BF Lumbe
TOTAL SALES	$12,043,500	$185.00
(65,100 bf lumber x $185.00)		
Variable Costs		
wood costs ($99.69/ 1000 bf)	6,489,819	$ 99.69
production costs ($54.72/1000)	3,562,272	54.72
Total Variable Costs	10,052,091	
($10,052,091/65,100 bf)		$154.41
Fixed Costs		
interest on debt (2.9% sales)*	349,261	
management comp. (2.2% sales)*	264,957	
depreciation (3.5% sales)*	421,522	
Total Fixed Costs	1,035,740	
($1,035,740/65,100 bf lumber)		$ 15.91
TOTAL COSTS TO PRODUCE 1000 BF LUMBER		$170. 32

* Sales at normal capacity utilization.

LONG TERM SUSTAINABLE YIELD ON SUITABLE LANDS VERSUS ALLOWABLE SALES QUANTITIES

	Proposed Plan Tentative Suitable Acres	Proposed Plan Suitable Acres	ASQ 1st Decade MMBF	Long-Term Sustainable Yield MMBF
*Beaverhead	809,169	338,340	17.3	31.0
Bitterroot	588,656	449,217	30.7	46.0
Custer	156,731	82,410	3.0	6.4
Deer Lodge	623,100	351,500	19.4	25.7
*Flathead	935,747	670,670	100.0	149.0
Gallatin	455,229	314,014	21.1	34.0
Helena	554,030	251,600	15.0	20.4
Kootenai	1,788,000	1,386,000	202.0	313.0
Lewis and Clark	679,917	270,454	11.9	23.8
*Lolo	1,427,095	1,238,704	107.0	178.0
Montana National Forests Totals	7,917,674	5,352,909	527.4	827.3

* Final Plan

Source: USFS Forest Plans.

REGION ONE
NATIONAL FOREST ACCOMPLISHMENT - FY 1988
(All Volumes in MMBF)

			PERFORMANCE			ACCOMPLISHMENT			VOLUME UNDER
	ASQ	1988 TARGET	SOLD	OFFERED NOT SOLD	NOT OFFERED	TOTAL VOLUME	% OF TARGET	1988 HARVEST	CONTRACT 9/30/88
MONTANA									
Beaverhead	17.3	19.0	3.7	0.7		4.4	23%	22.2	16.0
Bitterroot	33.4	35.0	12.5	3.2		15.7	45%	25.7	32.4
Custer	3.5	5.0	5.4	0.2		5.6	112%	3.8	4.5
Deerlodge	23.0	19.0	19.5	0.3		19.8	104%	25.3	20.2
Flathead	100.0	107.0	63.6	6.4		70.0	65%	122.0	221.3
Gallatin	21.0	5.2	3.0			5.2	100%	17.5	31.2
Helena	15.0	16.0	11.4	2.9	2.2	14.3	89%	11.4	37.1
Kootenai	227.0	239.0	178.9		53.3	232.2	97%	247.7	434.3
Lewis & Clark	12.1	14.0	8.8		7.2	16.0	114%	13.5	21.9
Lolo	107.0	87.9	75.1	7.9	3.3	86.3	98%	63.6	127.8
SUBTOTAL	559.3	547.1	381.9	21.6	66.0	469.5	86%	552.7	946.7
IDAHO									
IPNF	275.0	255.0	241.5	14.5		256.0	100%	252.9	651.3
Clearwater	173.3	139.0	117.2	20.3		137.5	99%	99.0	370.2
Nezperce	108.0	97.0	93.6	3.8	7.2	104.6	108%	72.9	267.0
SUBTOTAL	556.3	491.0	452.3	38.6	7.2	498.1	101%	424.8	1288.5
TOTAL	1115.6	1038.1	834.2	60.2	73.2	967.6	93%	977.5	2235.2

FY 88 APPEALS REPORT
GALLATIN NATIONAL FOREST

APPEALS HAVING ACTION OR PENDING BETWEEN 10/1/87-9/30/88
DISTRICT RANGER LEVEL APPEALS ONLY
FOREST: Gallatin

NUMBER BY FUNCTIONAL UNIT:

ENG	LMP	LANDS (spec use)	M&G	RGE	RN	TIMBER	WS&A	OTHER	TOTAL
0	0	5	2	0	31	0	0	0	38

DECISION UNDER APPEAL	APPELLANT
Duane Neal: partial suspension of outfitter/guide permit	Duane Neal (Atty Knuchel)
James Brogan: outfitter/guide temporary status and performance rating.	James Brogan (Atty Knuchel)
Grayling Gravel Pit	Howard, Grube, Winter, Carey
Gallagher Special Use Permit (denial)	Kevin Gallagher
Stillwater PGM Exploratory Adit	Greater Yell. Coalition Wilderness Society
Day Use Outfitter/Guide Permits	29 Outfitters (thru 9/20/88)

NUMBER OF APPEALS BY:

AFFIRMED: 2 (Gallagher and Neal, both have appealed to 2nd level)
REMANDED: 4 (Grayling Gravel Pit, 2 appealed to 2nd level)
REVERSED: 0
DISMISSED: 0
CLOSED*: 3 (Brogan, Stillwater PGM)
PENDING: 29 (Day Use Outfitters)

TOTAL: 38

*CLOSED = Initial decision withdrawn by deciding officer or appeal withdrawn by appellant and no decision on the merits issued.

Status of First Level FOREST SUPERVISOR APPEALS

DECISION APPEALED — APPELLANT(S)

Middle Creek Dam Fee — DNRC
Status: Affirmed by RF, appealed to Chief, decision pending

Cooke City RAA (including Kersey-Fisher timber sale) — multiple appellants including petition from 31
Status: Remanded by RF to Forest, DR decision pending

Mill Emigrant RAA (including Wicked-Snowbank timber sale — multiple appellants
Status: Remanded by RF to Forest, DR decision pending

Elk Creek Road — American Wilderness Alliance
Status: Affirmed by RF, not appealed to 2nd Level, Record closed.

Day Use Outfitter Policy and Guidelines — Multiple appellants, 7 appeals filed
Status: Dismissed by RF, appealed by 5 appellants to Chief, Chief dismissed one appeal (Neubert), remanded 4 appeals back to RF for decision on merits. Forest's Responsive Statement pending.

Tie Creek Timber Sale — Sandra Cahill et al (Goetz)
Status: Stayed in 1984 due to RARE II. With completion of Forest Plan, now awaiting completion of analysis and new decision by DR.

Ibex Timber Sale — D. Murphy, Sierra Club
Status: Same as Tie Creek, except portion of sale is included in Melcher's S. 2751 and therefore cannot be included in sale at this time.

Harvey Bird Sp Use Permit — Harvey Bird
Status: Affirmed by RF, lengthy negotiations, appealed to Chief, settlement reached, record closed.

TABLE 4 - NUMBER AND VOLUME(MMBF) OF TIMBER SALES SCHEDULED TO BE SOLD CURRENTLY STAYED DUE TO APPEALS & LITIGATION, AS OF 9/21/88:

	FY 86	FY 87	FY 88 (PLANNED)
FOREST	NUMBER (VOLUME)	NUMBER (VOLUME)	NUMBER (VOLUME)
Gallatin	0	0	1 (2.8 mmbf) (Wright-Fuller)

NOTE: Wright-Fuller was stayed by the Chief under a Forest Plan appeal. Two sales were appealed in FY 84 and were "stayed" under RARE II. With completion of Forest Plan, Forest is now proceeding with these sales, and plan to offer both in FY 89: Tie Creek (3.7 mmbf) and Ibex (7.4 mmbf).

TABLE 5 - NUMBER OF RESOLVED TIMBER SALES AND VOLUME (MMBF) UNDER APPEAL OR LITIGATIONS (ALLOWED TO PROCEED), AS OF 9/21/88

	FY 86	FY 87	FY 88 (PLANNED)
FOREST	NUMBER (VOLUME)	NUMBER (VOLUME)	NUMBER (VOLUME)
Gallatin	0	0	0

TABLE 6 - NUMBER OF TIMBER SALES AND VOLUME (MMBF) UNDER APPEAL OR LITIGATION IN UNROADED AREAS, AS OF 9/21/88:

	FY 86	FY 87	FY 88 (PLANNED)
FOREST	NUMBER (VOLUME)	NUMBER (VOLUME)	NUMBER (VOLUME)
Gallatin	0	0	1 (2.8 mmbf)(Wright-Fuller)

TABLE 7 - NUMBER OF TIMBER SALES AND VOLUME (MMBF) UNDER APPEAL OR LITIGATION IN UNROADED AREAS RELEASED BY WILDERNESS LEGISLATION, AS OF 9/21/88:

	FY 86	FY 87	FY 88 (PLANNED)
FOREST	NUMBER (VOLUME)	NUMBER (VOLUME)	NUMBER (VOLUME)
Gallatin	0	0	0

TABLE 8 - NUMBER OF PLANNED TIMBER SALES AND VOLUME (MMBF) MODIFIED OR CANCELLED DUE TO REMANDED APPEAL DECISIONS (ASSUMPTION, IF ALREADY STAYED, IT CONTINUED WITH THE REMAND), AS OF 9/21/88:

	FY 86	FY 87
FOREST	NUMBER (VOLUME)	NUMBER (VOLUME)
Gallatin	0	2 (2.6+7.4=10.0 mmbf) (Kersey-Fisher & Wicked-Snowbank)

TABLE 9 - NUMBER OF TIMBER SALES AND VOLUME (MMBF) SCHEDULED TO BE OFFERED AND WITHDRAWN BY THE DECIDING OFFICER, OR INITIAL DECISION NOT MADE BECAUSE OF THREAT OF APPEAL OR LITIGATION, AS OF 9/21/88:

	FY 86	FY 87	FY 88
FOREST	NUMBER (VOLUME)	NUMBER (VOLUME)	NUMBER (VOLUME)
Gallatin	0	1 (0.5 mmbf) Brackett Ridge	1 (3.2 mmbf) Sourdough

TABLE 10 - OTHER RESOURCE ACTIVITIES CURRENTLY STAYED DUE TO APPEAL OR LITIGATION, AS OF 9/21/88:

Gallatin - Has numerous other resource appeals, but none are STAYED.

Gallatin National Forest
Appeals of Timber Sales
November 17, 1987

Timber sales currently **stayed** due to appeal:

Tie Creek	Volume 3.7 mmbf	FY 88
Ibex	Volume 6.4 mmbf	FY 89

Timber sales **remanded** for further analysis or modification:

Kersey-Fisher	Volume 2.6 mmbf	FY 86
Wicked-Snowbank	Volume 7.4 mmbf	FY 87

Timber sales **withdrawn** after an appeal was filed:

Brackett Ridge	Volume 0.5 mmbf	FY 87

STATUS TABLE :

Beaverhead Timber Sales Appeal Summary

	FY	SALE NAME	D	VCL	TARGET	EA STATUS	RESP	NO. APPEALS	APPEAL DATE	FIRST LEVEL DECISION	SECOND LEVEL DECISIO
1	87	ADSON	2	1.9		6/30/87		2	8/13/87	2/1/88(SO)	6/22/88(RO)
2		ELRHORN	2	3.2		6/30/87		2	8/14/87	4/18/88(RO)	
3		EAST TIE	3	.4		2/27/87		2	5/8/87	12/22/87(SO)	3/30/88(RO)
4		DRYSTONE	7	5.0		8/25/87		2	10/5/87	4/19/88(RO)	
5	88	ANDRUS	1	5.8		9/13/87		2	10/28/87	3/21/88(RO)	
6		PRICE CREEK	1	3.5	8/15/88	95%	BROOKS				
7		BUFFALO TRIANGLE	2	1.3		11/3/87		1	12/17/87	3/31/88(SO)	
8		HARRIET LOU	2	1.5	8/15/88	95%	BRANN				
9		PINTLER	2	.6		7/26/88	DERKSEN				
10		*GIBBS*	6	2.0		7/29/88	SUTTON				
11		SMALL SALES (2.4 EST		3.1							
12	89	WALRER MOOSE	2	2.6	12/30/88	50%	DERKSEN				
13		SWAMP	2	.5		6/30/87		2	8/13/87	2/1/88(SO)	6/17/88(RO)
14		GRANULATED	2	.5							
15		BENDER RETIE	3	7.0	12/30/88	25%	BRANN				
16		DOOLITTLE	3	5.5	4/30/89	15%	BROOKS				
17		SMALL SALES									
18	90	WILLOW CREEK II	2	2.0	4/30/89	25%	BROOKS				
19		TRAIL CREEK	3	6.9	4/30/89	25%	BENCYFIELD				
20											
21		REOFFERS									
22		*BIVENS*		.8							
23		*CURRENT*		.6							
24		TRAPPER		.9							
25											
26	*	COUNTY BRIDGE*									
27											
28											
29											

STATUS TABLE II

SALE NAME	FIELD PREP TARGET	FIELD PREP STATUS	RESPON	PACKAGE PREP TARGET	PACKAGE PREP STATUS	RESPONSIBLE	SALE DATE
ADSON		DONE	BEHRENDS	9/1/88	0%	TROEDSSON	9/30/88
ELKHORN		DONE	BEHRENDS		25%		
EAST TIE		DONE	LARSEN	8/2/88	100%	LARSEN	8/31/88
DRYSTONE		DONE	BRANN		50%	MALLEY	
ANDRUS		DONE	BRANN		0%		
PRICE CREEK	9/30/88	0	HARRY	11/1/88	0%	HUFFMAN	12/1/88
BUFFALO TRIANGLE		DONE	BEHRENDS	9/15/88	0%	BROOKS	10/15/88
HARRIET LOU		DONE	BEHRENDS	11/1/88	0%	BRANN	12/1/88
PINTLAR		DONE	DERKSEN	10/15/88	0%	DERKSEN	11/15/88
GIBBS	8/19/88	50%	DERKSEN	10/15/88	0%	DERKSEN	11/15/88
WALKER MOOSE	6/30/89	0%	HUTHMAR	7/30/89	0%	HUTHMAN	9/15/~~88~~89
SWAMP		100%	BEHRENDS	7/30/89	0%	HUTHMAN	9/1/~~88~~ 89
GRANULATED							
BENDER RETIE	7/30/89	0	BRANN	8/30/89	0%	BRANN	9/30/~~88~~ 89
DOOLITTLE	7/15/89	25%	BROOKS	8/15/89	0%	BROOKS	9/30/~~88~~ 89
WILLOW CREEK II							
TRAIL CREEK							
REOFFERS							
BIVENS							
CURRENT				7/26/88			9/22/88
TRAPPER				9/1/88		NEWTON	9/30/88
				9/15/88		FREESTONE	10/15/88

Source: USFS, Beaverhead National Forest

F. H. STOLTZE LAND & LUMBER CO.

A Report On The Local Lumber Industry
And How It Can Survive

This is the second in our series of reports to the people of Dillon and the Beaverhead Valley, and we want to tell you about the timber supply problems the mill is facing.

Timber to operate the Stoltze mill comes from three national forests — mostly the Beaverhead, Bureau of Land Management, State of Montana trust lands, and private lands. In 1986, 86% of our timber came from the national forests, 11% came from the BLM, and 3% from private lands.

In the future, the mill will depend more on government timber than it does today. During the mid 1970's the Beaverhead forest dropped their annual sale program to a couple million feet per year, while they concentrated on producing their first forest plan. During that time our mill was forced to rely on private timber for the majority of our timber supply. As a result there is very little private timber available today. The State of Montana and Bureau of Land Management control important sources of timber but they alone cannot provide enough to sustain the mill. That leaves the Forest Service, but the new Beaverhead National Forest plan reduces the allowable harvest 29% from the previous plan and 38% from the amount offered for sale in 1973, the first full year of mill operations by Stoltze.

If F.H. Stoltze were to buy all the timber offered for sale by the Forest Service, Bureau of Land Management and the State of Montana, which is unlikely because of uneconomic sales and competition, it could only operate the mill for 42 weeks each year. Private land would have to provide the 5 million board feet annually for the remaining ten weeks. That much private timber is not available, and the mill cannot be operated for only 9½ months a year.

The decision by the Forest Service to reduce timber sales on the Beaverhead National Forest for the next ten years is responsible for the timber supply crisis facing the company. This decision must be reversed to save the mill.

In 1973, the first full year Stoltze operated the Dillon sawmill, the Beaverhead National Forest offered for sale 28.3 million board feet. The 1978 plan allowed sale of only 24.3 million board feet, and the 1986 plan is down to 17.3 million board feet. At the same time, as a result of improvements in the mill, increased crew production and running two shifts, the volume of logs needed to keep the mill running increased from 12.8 to 26.3 million board feet.

The planned r[illegible]ons in timber sales and the underutilization of the timber growing potential of the Beaverhead Nat[illegible]orest resulted from Forest Service interpretations of new laws and regulations, a disregard for the obligation to maintain communities dependent on national forest resources, and political pressure from national environmental groups.

Consequently, the plan emphasizes wildlife and recreation at the unnecessary expense of timber production. The amount of land actually managed for growing timber on the Beaverhead National Forest is only 16% of the whole national forest. During the next decade timber will actually be harvested from only 1% of the forest. More land can be used for timber growing while maintaining wildlife and recreation values.

National forest plans must provide a balance of the multiple uses to maintain dependent communities like Dillon. The land allocations in the plan are the best evidence of balance, and the Beaverhead plan lacks that balance.

In addition to poor national forest planning decisions, the survival of the mill also is threatened by withdrawals of productive timberland for wilderness and recreational reserves. This will be the topic of next month's report.

Michael J. Lyngholm

Michael J Lyngholm

Review of Wilderness Proposals

Recommended Wilderness

Area	Forest (AC)	Rare II (AC)	(Williams) HR2090 (AC)	(Baucus) S.1478 (AC)
Beaverhead NF				
Italian Peaks	25664	-	25000	25000
East Pioneer	79555	87700	74000	74000
Anada-Pint Add	12414	7000	38000	38000
West Pioneer	-	-	-	-
W. Big Hole Water	55087	56500	-	-
Bitterroot NF				
Blue Joint	28500	FP	28000	-
Selway-Brt Adds	52290	49600	66000	66000
Custer NF				
Lost Water Canyon	5812	9500	9800	9800
A-B Adds	6000	-	6200	6200
Deer Lodge				
Flint Range	-	-	38000	38000
Tobacco Roots	-	-	6800	-
Stony Mtn	-	FP	67000	67000
Flathead NF				
Northfork	-	-	103000	103000
B. Marshall Add	11482	-	14000	-
Jewel/Swan	90288	-	171000	171000
Mission Mtn Add	-	-	1700	1700
Gallatin NF				
Earthquake	21461	21000	19800	19800
No. Absaroka Add	480	500	500	500
Cowboys Heaven	-	FP	14000	14000
Helena NF				
Electric Peak	14300	-	19000	19000
Gates of Mtn Add	9970	9300	10500	10500
Camas Creek	-	-	26000	26000
Mount Blady	8600	-	15000	15000
Black Mtn	-	-	5800	5800
Kootenai NF				
Scotchman PKs	48160	60400	47000	47000
Cabinet Adds	35500	15600	30000	30000
Ten Lakes	32800	FP	33000	33000
Lewis & Clark NF				
B. Marshall Ad	117394	63300	219000	219000
Big Snowies	-	FP	22000	-
Lolo				
Great Burn	89530	77700	94000	94000
Cube Iron/Silcox	-	-	-	30200
Quigg	60830	60000	49000	-
Total Wilderness	806117	518100	1325100	1324000

Governor Schwinden's

1984 Recommendations for Wilderness

	Total Acreage Under Consideration For Wilderness	Governor's Recommendation
Beaverhead National Forest		
1001 North Big Hole (BR)	53,073 (3,320)	31,260 (2,840)
1008 East Pioneer *	93,859	89,658
1943 West Big Hole *	130,511	79,300
1945 Italian Peaks *	90,642	12,907
Subtotal	368,085	213,125
Bitterroot National Forest		
1001 North Big Hole (BH)	3,320 (53,073)	2,840 (31,260)
1BAA Selway-BR Canyons	12,700	12,700
1061 Blodgett Canyon	9,600	9,600
1062 North Fork Lost Horse	7,800	7,800
1063 Trapper Creek	2,500	2,500
1064 Nelson Lake	2,900	2,900
M1845 Meadow Creek	12,600	12,600
1808 (LIBAD) Stony Mtn. (DL; LL) *	43,965 (22,400; 33,120)	23,005 (14,865; 30,560)
Subtotal	95,385	73,945
Custer National Forest		
1362 Lost Water Canyon *	9,800	11,080
Subtotal	9,800	11,080
Deer Lodge National Forest		
1426 Upper East Fork	7,650	5,000
1427 Storm Lake	7,620	7,620
1428/1429 Flint Range/Dolus Lake *	62,210	56,400
1609 Electric Peak (H) *	18,550 (27,478)	10,890 (18,610)
1808 (LIBAD) Stony Mtn. (BR; LL) *	22,400 (43,965; 33,120)	14,865 (23,005; 30,560)
Subtotal	118,430	94,775
Flathead National Forest		
1482 Tuchuck (K) *	17,520 (2,300)	16,700 (2,300)
S1485 Jewel Basin *	68,569	15,360
A1485 Swan Front	141,990	64,000
1500 Mission Addition	960	960
Subtotal	229,039	97,020
Gallatin National Forest		
1545 Republic Mountain	700	480
1963 Lionhead *	32,783	24,500
Subtotal	33,486	24,980

	Total Acreage Under Consideration For Wilderness	Governor's Recommendation
Helena National Forest		
1609 Electric Peak (DL) *	27,478 (18,550)	18,610 (10,390)
1610 Big Log	9,974	9,974
1617 Mount Baldy *	16,114	16,630
Subtotal	53,566	45,214
Kootenai National Forest		
1482 Tuchuck (F) *	2,300 (17,520)	2,300 (16,700)
1662 Scotchman Peaks *	64,417	46,115
1670 Cabinet Face West	9,900	6,886
1671 Cabinet Face East	50,500	17,357
1676 McKay Creek	14,100	6,081
1682 Chippewa Creek	2,100	2,100
Subtotal	142,417	80,839
Lewis and Clark National Forest		
A1485 Choteau Mountain	45,000	39,040
F1485 Silver King-Falls Creek	38,300	42,240
F1485 Deep Creek	41,830	40,320
Q1485 Renshaw	31,304	36,480
Subtotal	156,434	158,080
Lolo National Forest		
1301 Hoodoo (Great Burn) *	98,500	91,600
A1485 Clearwater-Monture	124,000	67,000
1784 Cube Iron *	37,700	32,900
1805 Lolo Creek	14,660	3,990
1806 Welcome Creek Addition	1,100	1,100
1808 (LIBAD) Stony Mtn. (BR; DL) *	33,120 (43,965; 22,400)	30,560 (23,005; 14,865)
Subtotal	309,080	227,150
Grand Total	1,462,317	1,026,208

* New Areas (14 Total)

BH = Beaverhead National Forest
BR = Bitterroot National Forest
C = Custer National Forest
DL = Deer Lodge National Forest
F = Flathead National Forest

G = Gallatin National Forest
H = Helena National Forest
K = Kootenai National Forest
LC = Lewis and Clark National Forest
LL = Lolo National Forest

STATE OF MONTANA
GOVERNOR'S WILDERNESS ADVISORY COMMITTEE RECOMMENDATIONS
MONTANA WILDERNESS STUDY ACT (SB 393) AREAS

AREA	ACREAGE	RECOMMENDATION
1. Bitterroot National Forest		
Blue Joint	65,370	Wilderness-42,500 acres
Sapphire	44,416	Wilderness- 6,400 acres
2. Deer Lodge National Forest		
Sapphire	72,614	Wilderness-30,000 acres
3. Lewis & Clark National Forest		
Middle Fork Judith River	81,000	Release
Big Snowies	97,885	Release
4. Kootenai National Forest		
Ten Lakes	41,200	Wilderness-33,000 acres
5. Beaverhead National Forest		
West Pioneers	151,000	Release
6. Gallatin National Forest		
Hyalite-Porcupine-Buffalo Horn	155,000	Wilderness-23,100 acres (Hyalite Scenic Area)

STUDY AREAS TOTAL ACREAGE:	708,485 ACRES
RECOMMENDED WILDERNESS:	135,000 ACRES
RECOMMENDED RELEASE:	573,485 ACRES

LEGI-SLATE Report for the 100th Congress   Fri, October 7, 1988 1:39pm (EDT)

Report for H.R.4867
As finally approved by the House and Senate (Enrolled), AT THE SECOND SESSION
With reference(s) containing: "SEC. 321."

Item 115: TITLE III--GENERAL PROVISIONS

Sec. 321. To ensure adequate availability of timber from the Mapleton Ranger District of the Siuslaw National Forest until the final forest land and resource management plan pursuant to section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended by the National Forest Management Act of 1976, as amended (16 U.S.C. 1604) is in effect, and notwithstanding the injunction issued pursuant to the judgment in National Wildlife Federation, et al. v. United States Forest Service, et al. (592 F. Supp. 931 (D. Ore. 1984) as modified by 801 F. 2d 360 (9th Cir. 1986)), the Secretary of Agriculture is authorized to offer up to 90 million board feet of net merchantable timber in fiscal year 1989 in the Mapleton Ranger District of the Siuslaw National Forest pursuant to the requirements of this section and until completion of the final forest plan. For purposes only of selling timber pursuant to this section (and activities related thereto), the Secretary shall utilize the Siuslaw National Forest draft land and resource management plan and accompanying draft environmental impact statement dated October 1, 1986 as if they were the final forest plan and environmental impact statement: Provided, That such statement, timber sales, roads and other associated activities, and their accompanying environmental assessments, prepared and offered pursuant to and consistent with such draft plan, for purposes only of this section, shall be treated as satisfying all requirements of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) and the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended by the National Forest Management Act of 1976, as amended (16 U.S.C. 1600 et seq.) and shall not be subject to administrative or judicial review for compliance with such Acts: Provided further, That nothing in this section shall affect any existing right of administrative or judicial review of such timber sales for compliance with other applicable laws: Provided further, That this provision does not in any manner represent a judgment upon the legal adequacy of the Siuslaw National Forest final plan and environmental impact statement.

(3C-000) MONTANA

TOTAL FULL-TIME AND PART-TIME EMPLOYMENT 1/

ITEM	1982	1983	1984	1985	1986	1987
DURABLE GOODS	13,331	15,002	16,121	15,758	15,144	15,279
LUMBER AND WOOD PRODUCTS	7,905	9,666	9,958	9,575	9,433	9,628
FURNITURE AND FIXTURES	(D)	(D)	325	399	398	400
PRIMARY METAL INDUSTRIES	1,456	1,268	1,579	1,422	1,256	1,225
FABRICATED METAL PRODUCTS	627	607	692	704	637	608
MACHINERY, EXCEPT ELECTRICAL	570	528	737	781	762	822
ELECTRIC AND ELECTRONIC EQUIPMENT	(D)	(D)	443	468	263	265
TRANSPORTATION EQUIP. EXCL. MOTOR VEHICLES	49	68	74	93	81	81
MOTOR VEHICLES AND EQUIPMENT	117	90	121	121	118	108
ORDNANCE 4/	0	0	0	0	0	0
STONE, CLAY, AND GLASS PRODUCTS	1,201	1,255	1,290	1,216	1,182	1,049
INSTRUMENTS AND RELATED PRODUCTS	132	158	134	103	135	152
MISCELLANEOUS MANUFACTURING INDUSTRIES	713	752	768	876	879	941
TRANSPORTATION AND PUBLIC UTILITIES	25,758	24,426	25,644	25,532	25,221	24,553
RAILROAD TRANSPORTATION	5,223	4,377	4,505	4,312	4,006	3,713
TRUCKING AND WAREHOUSING	7,288	7,211	8,447	8,887	8,972	8,875
WATER TRANSPORTATION	23	21	24	24	18	17
OTHER TRANSPORTATION	3,230	3,197	3,302	3,218	3,281	3,352
LOCAL AND INTERURBAN PASSENGER TRANSIT	1,448	1,429	1,438	1,344	1,375	1,294
TRANSPORTATION BY AIR	1,115	1,043	1,093	1,053	1,076	1,219
PIPELINES, EXCEPT NATURAL GAS	(D)	(D)	87	96	96	77
TRANSPORTATION SERVICES	(D)	(D)	684	725	734	762
COMMUNICATION	5,339	4,843	4,457	4,363	4,160	3,835
ELECTRIC, GAS, AND SANITARY SERVICES	4,655	4,777	4,909	4,728	4,784	4,761
WHOLESALE TRADE	18,221	17,885	18,288	17,430	16,146	15,815
RETAIL TRADE	69,939	71,018	73,286	72,447	71,248	71,717
BUILDING MATERIALS AND GARDEN EQUIPMENT	3,608	3,792	3,955	3,666	3,401	3,339
GENERAL MERCHANDISE STORES	5,936	5,940	6,076	5,951	6,073	6,461
FOOD STORES	9,284	9,308	9,497	9,822	9,573	9,555
AUTOMOTIVE DEALERS AND SERVICE STATIONS	8,320	8,498	8,755	8,593	8,821	8,803
APPAREL AND ACCESSORY STORES	3,171	3,146	3,121	3,069	3,121	3,061
FURNITURE AND HOME FURNISHINGS STORES	2,767	2,965	3,165	3,233	2,878	2,812
EATING AND DRINKING PLACES	23,589	24,437	25,147	24,867	24,133	24,456
MISCELLANEOUS RETAIL STORES	13,264	12,932	13,570	13,246	13,248	13,230
FINANCE, INSURANCE, AND REAL ESTATE	23,882	24,546	25,947	26,326	27,196	27,461
BANKING AND CREDIT AGENCIES	6,932	6,938	7,029	7,001	6,910	6,767
OTHER FINANCE, INSURANCE AND REAL ESTATE	16,950	17,608	18,918	19,325	20,286	20,694
SECURITY & COMMODITY BROKERS AND SERVICES	743	730	821	860	868	893
INSURANCE CARRIERS	1,887	1,821	1,745	1,663	1,615	1,654
INSURANCE AGENTS, BROKERS, AND SERVICES	3,289	3,390	3,613	3,569	3,493	3,497
REAL ESTATE	10,465	11,040	12,128	12,578	13,645	13,915
COMBINED REAL ESTATE, INSURANCE, ETC.	170	154	154	159	171	178
HOLDING AND OTHER INVESTMENT COMPANIES	396	473	457	496	494	557

SEE FOOTNOTES AT END OF TABLE.

(3C-000) MONTANA

TOTAL FULL-TIME AND PART-TIME EMPLOYMENT 1/

ITEM	1982	1983	1984	1985	1986	1987

(30-000) MONTANA

TOTAL FULL-TIME AND PART-TIME EMPLOYMENT 1/

ITEM	1982	1983	1984	1985	1986	1987
SERVICES	85,702	88,278	93,929	97,093	97,822	104,859
HOTELS AND OTHER LODGING PLACES	8,050	7,973	8,132	8,162	8,256	8,337
PERSONAL SERVICES	6,408	6,772	7,730	9,108	9,433	10,066
PRIVATE HOUSEHOLDS	3,449	3,457	3,454	3,338	3,247	3,139
BUSINESS SERVICES	9,446	10,600	11,857	13,548	14,601	16,284
AUTO REPAIR, SERVICES, AND GARAGES	3,890	4,120	4,737	4,850	4,792	4,948
MISCELLANEOUS REPAIR SERVICES	2,808	2,789	3,224	3,089	3,484	3,785
AMUSEMENT AND RECREATION SERVICES	3,847	4,023	4,320	4,564	(D)	(D)
MOTION PICTURES	932	948	1,068	1,027	(D)	(D)
HEALTH SERVICES	23,072	23,627	23,711	24,294	24,995	26,275
LEGAL SERVICES	2,687	2,736	2,999	3,196	3,337	3,514
EDUCATIONAL SERVICES	3,063	3,160	3,433	3,276	3,275	3,369
SOCIAL SERVICES 5/	4,204	4,375	4,541	4,623	4,765	5,197
MUSEUMS, BOTANICAL, ZOOLOGICAL GARDENS	73	76	81	90	(D)	(D)
MEMBERSHIP ORGANIZATIONS	6,733	6,692	6,669	6,775	6,530	6,394
MISCELLANEOUS SERVICES	7,040	7,630	7,973	7,162	7,394	7,585
GOVERNMENT AND GOVERNMENT ENTERPRISES	72,083	73,059	73,572	73,846	74,566	74,636
FEDERAL, CIVILIAN	13,146	13,072	12,862	12,879	12,708	13,164
MILITARY	8,000	8,575	8,518	8,391	8,659	9,027
STATE AND LOCAL	50,937	51,412	52,192	52,576	53,199	52,445

1/ 1969-74 BASED ON 1967 SIC. 1975-87 BASED ON 1972 SIC.
2/ EXCLUDES LIMITED PARTNERS.
3/ "OTHER" CONSISTS OF THE NUMBER OF JOBS HELD BY U.S. RESIDENTS EMPLOYED BY INTERNATIONAL ORGANIZATIONS AND FOREIGN EMBASSIES AND CONSULATES IN THE UNITED STATES.
4/ UNDER THE 1972 STANDARD INDUSTRIAL CLASSIFICATION, ORDNANCE WAS RECLASSIFIED TO FOUR 2-DIGIT INDUSTRIES: FABRICATED METAL PRODUCTS, ELECTRIC AND ELECTRONIC EQUIPMENT, TRANSPORTATION EQUIPMENT, AND INSTRUMENTS AND RELATED PRODUCTS.
5/ THIS CATEGORY IS NEW UNDER THE 1972 STANDARD INDUSTRIAL CLASSIFICATION; THEREFORE ESTIMATES PRIOR TO 1975 DO NOT EXIST.
(D) NOT SHOWN TO AVOID DISCLOSURE OF CONFIDENTIAL INFORMATION; ESTIMATES ARE INCLUDED IN TOTALS.

TABLE SA25
AUGUST 1988
REGIONAL ECONOMIC INFORMATION SYSTEM
BUREAU OF ECONOMIC ANALYSIS

(3C-000) MONTANA

TOTAL FULL-TIME AND PART-TIME EMPLOYMENT 1/

ITEM	1975	1976	1977	1978	1979	1980
DURABLE GOODS	15,814	16,873	18,191	19,547	15,569	17,007
LUMBER AND WOOD PRODUCTS	9,244	10,093	11,209	12,326	12,069	10,205
FURNITURE AND FIXTURES	127	151	150	176	159	145
PRIMARY METAL INDUSTRIES	3,280	3,257	3,283	3,212	3,291	2,670
FABRICATED METAL PRODUCTS	506	551	560	605	616	657
MACHINERY, EXCEPT ELECTRICAL	468	445	480	480	601	659
ELECTRIC AND ELECTRONIC EQUIPMENT	114	145	237	257	369	399
TRANSPORTATION EQUIP. EXCL. MOTOR VEHICLES	180	234	197	169	132	74
MOTOR VEHICLES AND EQUIPMENT	25	78	32	33	42	34
ORDNANCE 4/	0	0	0	0	0	0
STONE, CLAY, AND GLASS PRODUCTS	1,340	1,418	1,425	1,509	1,472	1,327
INSTRUMENTS AND RELATED PRODUCTS	78	81	92	94	108	96
MISCELLANEOUS MANUFACTURING INDUSTRIES	452	480	526	686	710	741
TRANSPORTATION AND PUBLIC UTILITIES	21,861	22,459	23,444	24,885	26,358	26,194
RAILROAD TRANSPORTATION	6,188	6,241	6,530	6,896	7,486	6,902
TRUCKING AND WAREHOUSING	5,864	6,055	6,324	6,822	6,802	6,873
WATER TRANSPORTATION	71	19	21	27	24	26
OTHER TRANSPORTATION	2,370	2,556	2,687	2,829	2,952	2,927
LOCAL AND INTERURBAN PASSENGER TRANSIT	1,301	1,385	1,437	1,540	1,562	1,503
TRANSPORTATION BY AIR	611	692	755	780	874	926
PIPELINES, EXCEPT NATURAL GAS	(D)	(D)	(D)	(D)	(D)	(D)
TRANSPORTATION SERVICES	(D)	(D)	(D)	(D)	(D)	(D)
COMMUNICATION	4,120	4,245	4,480	4,702	5,123	5,256
ELECTRIC, GAS, AND SANITARY SERVICES	3,248	3,343	3,402	3,609	3,971	4,210
WHOLESALE TRADE	15,644	16,367	16,923	17,669	18,522	18,805
RETAIL TRADE	57,438	62,030	64,926	70,039	70,533	68,756
BUILDING MATERIALS AND GARDEN EQUIPMENT	3,342	3,532	3,751	4,008	4,070	3,888
GENERAL MERCHANDISE STORES	5,407	5,734	5,975	6,352	6,224	6,084
FOOD STORES	7,481	7,594	8,033	8,671	8,899	8,930
AUTOMOTIVE DEALERS AND SERVICE STATIONS	9,927	10,366	10,290	10,715	10,273	9,164
APPAREL AND ACCESSORY STORES	2,588	2,750	2,929	3,140	3,239	3,142
FURNITURE AND HOME FURNISHINGS STORES	2,039	2,283	2,407	2,667	2,756	2,775
EATING AND DRINKING PLACES	17,736	19,580	20,726	22,640	22,732	22,082
MISCELLANEOUS RETAIL STORES	8,918	10,201	10,815	11,846	12,340	12,691
FINANCE, INSURANCE, AND REAL ESTATE	17,129	18,233	19,737	21,517	22,511	22,922
BANKING AND CREDIT AGENCIES	5,403	5,709	6,145	6,655	6,902	7,017
OTHER FINANCE, INSURANCE AND REAL ESTATE	11,726	12,524	13,592	14,862	15,609	15,905
SECURITY & COMMODITY BROKERS AND SERVICES	367	406	407	466	528	585
INSURANCE CARRIERS	1,557	1,634	1,679	1,743	1,844	1,937
INSURANCE AGENTS, BROKERS, AND SERVICES	2,368	2,442	2,572	2,643	2,708	2,905
REAL ESTATE	6,778	7,279	8,259	9,530	10,037	9,971
COMBINED REAL ESTATE, INSURANCE, ETC.	293	269	270	262	244	263
HOLDING AND OTHER INVESTMENT COMPANIES	363	494	405	218	248	244

SEE FOOTNOTES AT END OF TABLE.

(3C-000) MONTANA

TOTAL FULL-TIME AND PART-TIME EMPLOYMENT 1/

(30-000) MONTANA

TOTAL FULL-TIME AND PART-TIME EMPLOYMENT 1/

ITEM	1975	1976	1977	1978	1979	1980
SERVICES	65,169	71,221	74,283	80,200	81,750	82,878
HOTELS AND OTHER LODGING PLACES	7,531	7,343	7,907	8,321	8,157	8,135
PERSONAL SERVICES	5,022	5,619	5,846	6,216	6,193	6,261
PRIVATE HOUSEHOLDS	4,679	4,572	4,570	4,339	3,862	3,377
BUSINESS SERVICES	5,263	6,061	6,258	6,755	7,507	7,890
AUTO REPAIR, SERVICES, AND GARAGES	2,631	2,944	3,153	3,448	3,599	3,541
MISCELLANEOUS REPAIR SERVICES	1,983	2,296	2,472	2,674	2,655	2,742
AMUSEMENT AND RECREATION SERVICES	2,350	2,836	3,163	3,224	3,269	3,359
MOTION PICTURES	903	928	973	973	1,145	958
HEALTH SERVICES	15,943	17,101	13,100	19,410	19,804	20,602
LEGAL SERVICES	1,758	1,728	2,056	2,203	2,318	2,420
EDUCATIONAL SERVICES	2,824	2,332	2,564	2,943	3,034	3,130
SOCIAL SERVICES 5/	3,492	4,166	4,524	4,820	4,766	5,215
MUSEUMS, BOTANICAL, ZOOLOGICAL GARDENS	24	22	30	40	46	56
MEMBERSHIP ORGANIZATIONS	6,043	6,472	6,855	7,396	7,731	7,359
MISCELLANEOUS SERVICES	4,717	5,604	6,512	7,448	7,664	7,833
GOVERNMENT AND GOVERNMENT ENTERPRISES	72,510	72,866	73,267	75,165	75,089	75,141
FEDERAL, CIVILIAN	13,557	13,438	13,250	13,852	14,008	13,967
MILITARY	11,246	10,770	10,203	10,125	9,812	9,256
STATE AND LOCAL	47,707	48,658	49,814	51,188	51,269	51,918

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